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November 20, 1985

ALL-COUNTY INFORMATION NOTICE No. I-96-85

TO: ALL GAIN COORDINATORS

SUBJECT: IMPLEMENTATION OF THE GREATER AVENUES FOR INDEPENDENCE
(GAIN) PROGRAM

The purpose of this letter is to provide all counties with an update on our department's GAIN implementation activities. We intend to provide regular information notices to keep you apprised of our efforts to implement this program.

Regulations Development

Staff from the GAIN Implementation Bureau have been working to meet the 120-day deadline specified in AB 2580 for filing the necessary GAIN emergency regulations. Initial draft copies of these regulations were distributed for review and comments at the November 12th meeting of the CWDA Employment Committee and later distributed to all counties by CWDA staff. County comments on the package will be coordinated by the Committee. Written comments will be due to our department by November 27, 1985.

Federal Waivers

The department has been involved in ongoing communication with staff from the federal Department of Health and Human Services (DHHS) regarding those provisions of GAIN that conflict with the Social Security Act and that will require approved waivers in order to ensure federal financial participation. An initial package addressing those areas potentially in need of federal approval was submitted to DHHS on November 1, 1985. Further discussion with DHHS at that time provided clarification on the issues needing to be addressed, and agreement on an amended waiver package. The following are the areas that will be included in the amended package:

- o Forgiveness of AFDC Overpayments: This waiver is necessary because of the GAIN provision allowing forgiveness of certain overpayments while federal regulations require collection action on all overpayments.
- o Child Care Reimbursements: GAIN requires that these payments be based on regional market rates while federal regulations for the Community Work Experience Program (CWEP) limit such payments to \$160.00 per month.
- o Money Management - This waiver is necessary due to the difference between the GAIN money management provision and federal requirements on money management/protective payments.

We hope to submit the revised waiver package to DHHS by November 20, 1985.

Contract Development

Department staff are now working on three statewide contracts relating to the GAIN program:

1. A Request for Proposal (RFP) is now being prepared for the marketing and public relations campaigns that will be conducted for the GAIN program. We hope to release this RFP by December 2, 1985, with a contract executed by March 1, 1986.
2. Another RFP is being prepared to obtain a third-party arbitrator to resolve disputes that occur during the employability assessment stage of the GAIN program. We hope to release this RFP by January 31, 1986 so that the selected contractor will have a process in place before any counties implement the program.
3. We are also assessing the possibility of contracting with a private firm to conduct the required evaluation of the program. This would likely include the development of the related statistical reporting and recipient tracking systems. We will be discussing this evaluation activity in more specific terms with the CWDA Employment Committee in the near future.

Information Exchange

During the planning and implementation stages of GAIN, we will try to provide regular information and/or material that should be helpful in your planning activities.

Enclosed for your information are two reports written by the Manpower Demonstration Research Corporation (MDRC) of New York relating to program activities that are included in GAIN:

1. Welfare Grant Diversion - Early Observations from Programs in Six States, and
2. Supported Work: A Practical Guide for Planners and Operators

This information is not intended to stress any particular approach to these program areas; it is only designed to assist you in the formulation of ideas for your county's GAIN activities.

We are also enclosing a copy of the enrolled version of the GAIN legislation, AB 2580.

County Planning

Information and instructions regarding the availability of funding for GAIN planning activities will be distributed to all counties through a separate notice.

Regardless of when the actual implementation of GAIN is planned, we urge all counties to initiate planning discussions with the various agencies in their area that will be involved in the program. Such organizations would include local resource and referral agencies for child care services, school districts, community colleges, and JTPA organizations (e.g., service delivery agencies and Private Industry Councils). Early coordination with all of the affected local agencies will be crucial in ensuring the availability of the full range of services required under GAIN.

As stated previously, we intend to work as closely as possible with the counties on the implementation and operation of the GAIN program. If you have any questions regarding the information in this letter, or any other issues, please contact the GAIN Implementation Bureau at (916) 322-1267.

Thank you for your cooperation.

Carl B. Williams

CARL B. WILLIAMS
Acting Deputy Director
Government and Community Relations Division

Enclosures

WELFARE GRANT DIVERSION:
Early Observations from Programs in Six States

Michael Bangser
James Healy
Robert Ivry

Manpower Demonstration
Research Corporation

March 1985

The Manpower Demonstration Research Corporation's study of the welfare grant diversion programs in Arizona, Florida, Maine, New Jersey, Texas and Vermont is funded in part by a grant from The Ford Foundation and in part by contracts with participating states. The conclusions of this report do not necessarily represent the official position or policies of the funders.

Acknowledgments

Michael Bangser, James Healy and Robert Ivry are the authors of this report, which was initially prepared as an issues paper for a conference of state program operators held in New York City in January 1985. Judith Gueron, principal investigator for MDRC's Demonstration of State Work/Welfare Initiatives, provided valuable advice throughout the initial period of this study of grant diversion.

The study and completion of this report would not have been possible without the cooperation of staff in each of the six participating states. Without exception, state administrators, program coordinators and key staff were instrumental in ensuring access to pertinent program information and candidly shared their experiences during the first year of operations. In particular, MDRC is grateful to Gloria Young and Jeanne Landdeck (Arizona); Jim Clark and Bob Andrews (Florida); Sarah Shed and Linda Wilcox (Maine); Rowena Bopp, Sally Hall and Sybil Stokes (New Jersey); Cecil Chandler and Maria Castro (Texas); and Dave Huesman (Vermont) for their cooperation and insight.

Within MDRC, Delia Council, Michael Redmond, Kay Sherwood and Lisa Thureau, of the Operations staff, maintained a close liaison with program staff in the demonstration states to obtain reliable data for the study. Barbara Goldman, Joseph Ball and Patricia Auspos of the Research department assisted greatly in the interpretation of the information and its relevance to prior studies of on-the-job training programs and the grant diversion mechanism.

The study continues to benefit from the ongoing critical review and suggestions offered by members of MDRC's Board of Directors and Prudence Brown of The Ford Foundation.

Finally, the able editing of Sheila Mandel and the outstanding skills and continual patience of Monica Salmon and Jeanette V. Tully are gratefully acknowledged.

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I. Introduction

A. The Background of MDRC's Grant Diversion Study

Policymakers seeking to improve the Aid to Families with Dependent Children (AFDC) program have increasingly focused on the relationship between work and welfare. One of their major concerns has been that the system does not provide recipients with either adequate incentives to work or preparation for jobs to enable them to become independent of public assistance. The Omnibus Budget Reconciliation Act (OBRA) of 1981 sought to address this and other issues by delegating increased authority to the states to experiment with a variety of options for providing employment and training to the AFDC population.

The legislation also authorized states to elect WIN Demonstration status, under which they could replace the previous dual agency administration of the Work Incentive (WIN) Program and instead vest exclusive control of WIN in the state's Title IV-A (usually welfare) agency. The WIN Program, the federal/state employment program for recipients of AFDC, was at that time being severely cut back in both resources and staff, as were other employment and social service programs. WIN Demonstration status was viewed as conferring greater flexibility on state welfare administrators seeking to adjust to a new fiscal and programmatic environment.

Two important program options are available to state administrators under OBRA, in addition to the normal array of WIN services such as job search and training. One, Community Work Experience (often called

CWEP), authorizes states to require welfare recipients to work off their grants in job assignments in the public or nonprofit sectors. In contrast, the second option, known as grant diversion, uses welfare grants to provide a source of wage subsidies for recipients working in on-the-job training positions, usually in the private sector.* Actually, grant diversion is a generic term that refers to the mechanism by which all or a portion of any public assistance grant is used to fund a specific program involving the recipient of that grant. Two distinct issues are involved: 1) the funding mechanism itself, which is merely a way to tap public funds; and 2) the particular program for which the funds are used.

The grant diversion mechanism can draw (and has done so) on a number of public assistance grants other than AFDC. For example, the idea was pioneered in the early 1970s with payments under the Aid to Disabled program (a predecessor of Supplemental Security Income), and it is currently being used in New York State in connection with General Assistance (Home Relief) payments. Similarly, whatever the source of funds, they can help to finance a variety of programs. For example, grant diversion is subsidizing on-the-job training positions in the private sector for New York State's Home Relief recipients in the Tem-

* Even prior to OBRA, states could apply for waivers under Section 1115 of the Social Security Act for authorization to implement grant diversion. The OBRA amendments, while viewed as an expression of Congressional interest in grant diversion, did not alter the need for waivers. Under the Deficit Reduction Act (DEFRA), which became effective in October 1984, grant diversion can be operated by amending state plans, and waivers are no longer necessary.

porary Employment Assistance Program (TEAP), and is used in Supported Work programs to provide a highly structured transitional work experience, primarily in the nonprofit and public sectors, for long-term AFDC recipients.

The subject of this report is the particular type of grant diversion envisioned in OBRA -- the diversion of AFDC grants to fund wage subsidies for employers hiring AFDC recipients in on-the-job training (OJT) positions. As used for this purpose, grant diversion works as follows: AFDC recipients are placed in OJT positions that pay them wages. As with all AFDC recipients, a portion of these wages is counted as income that serves to reduce the amount of the grant the recipient receives. Without grant diversion, the reduced amount of the grant would represent a savings of public funds, but under grant diversion, this amount is redirected to a pool of funds used to subsidize wages for recipients working in OJT positions. (See Appendix I for a more detailed description.)

To test the effectiveness of this approach in the current environment, the federal Office of Family Assistance (OFA) decided in 1983 to launch a demonstration and issued a Request for Proposals under Section 1115 of the Social Security Act. States interested in using grant diversion to subsidize wages in OJT positions were offered a modest amount of operating funds and additional funding for an evaluation of their programs' impacts. Nine states originally expressed interest, with OFA eventually selecting six to participate: Arizona, Florida, Maine, New Jersey, Texas and Vermont. Most of these states commenced program operations in the spring or summer of 1984.

While OFA required states to develop experimental designs to measure the effects of their programs on employment, earnings and welfare savings, there were no plans for a cross-state study to document the operational lessons. The Manpower Demonstration Research Corporation (MDRC), a nonprofit organization experienced in the implementation and evaluation of employment programs for welfare recipients, decided to undertake such a study to examine the issues suggested by the operating experience of the six states. This report, which highlights some of the considerations arising during the planning, start-up and early implementation stages, is the first of two documents MDRC intends to produce on the grant diversion study. The second, due to be completed in early 1986, will review the operating lessons of the programs over a somewhat longer period.

The MDRC grant diversion study, funded in part by The Ford Foundation and in part by contracts with participating states, represents one component of a comprehensive examination MDRC is currently undertaking of various employment programs for welfare recipients in a total of 12 states.* In seven of the 12 states -- including Maine and New Jersey -- MDRC is conducting rigorous evaluations of the impacts and costs of the states' employment programs. In Arizona, MDRC's study of the state's WIN Demonstration Program, one part of which is grant diversion, focuses on recommendations for program management and operations.

* In addition to the six grant diversion states, MDRC is currently evaluating programs in Arkansas, California, Illinois, Maryland, Virginia and West Virginia. These states are operating programs that include various combinations of job search, work experience and training.

Thus, while this report and the next are limited to a consideration of the operational issues arising from the implementation of six state programs funded by grant diversion, the review will benefit from MDRC's broader analysis of state employability programs for the AFDC population.

B. The Potential Benefits of Grant Diversion

Despite the limited extent to which grant diversion programs were implemented prior to OBRA, these programs have a good deal of public appeal in the current environment. Among the attractive features of grant diversion:

- A welfare check is converted into a paycheck. Although the financial effect of diverting welfare payments into a wage pool is essentially the same as capturing the savings and separately appropriating funds for wage subsidies, there is substantial political and psychological appeal to a mechanism that puts recipients to work and uses a portion of their grants to fund their wages. Thus, rather than receiving payments solely in the form of a public assistance grant, individuals receive a paycheck in return for work performed.
- Transfer payments become investments. Policymakers are increasingly looking for creative ways to use transfer payments, such as AFDC, so that they are incentives, not barriers, to self-sufficiency.* Implicit in the decision to use grant diversion to subsidize wages is the assumption that foregoing a certain amount of short-term welfare savings will yield greater long-term savings if the funds are invested in a program that prepares recipients for stable employment.
- There is a belief that higher-paying primary labor market jobs may result from grant diversion-funded OJT in the private sector. Some employment and training programs for welfare recipients have been criticized for not providing participants with access

* Quick and Friedman, The Safety Net as Ladder: Transfer Payments and Economic Development, (forthcoming).

to or the skills needed for jobs in the primary labor market that will lead to long-term self-sufficiency. There is a perception that grant diversion, when it is used to subsidize OJT positions in the private sector, will provide more opportunities for such higher quality, better paying positions.

To realize these goals for grant diversion, states should concentrate not only on the administrative mechanism used to redirect welfare savings, but also on two other issues: What program will the diverted funds be used for; and who will the participants be?

Where grant diversion is used to help support on-the-job training positions -- as is the case in these six states -- the key question becomes the programs' potential to prepare significant numbers of welfare recipients for stable jobs. The rationale behind the use of subsidized OJT positions for disadvantaged workers is that a government subsidy will induce private employers to hire individuals whose lack of training and lower productivity would otherwise exclude them from access to such jobs. The subsidy compensates employers for possible revenue loss and the costs of training the workers.

In theory, this approach can move a targeted group of disadvantaged workers directly into private sector jobs. In practice, however, private sector on-the-job training programs for disadvantaged populations have not consistently realized their potential. While some studies suggest they can be effective, several major problems have arisen:

- Subsidized OJT programs have not been offered extensively to disadvantaged workers.* Because

* Robert Lerman, Unpublished paper on grant diversion prepared for the Manpower Demonstration Research Corporation, 1983.

of the perceived need to provide attractive workers to employers, program operators have frequently limited OJT positions to job-ready workers. For example, OJT was rarely used for AFDC recipients in either WIN or programs under the Comprehensive Employment and Training Act (CETA).

- OJT programs have not usually been operated on a substantial scale, in large part because of problems in developing sufficient numbers of jobs, even with the availability of wage subsidies for employers. One exception seems to be the current Temporary Employment Assistance Program (TEAP) operated in New York State for Home Relief recipients.
- Administrative difficulties, such as recordkeeping and contracting requirements, have created a concern that these problems could be exacerbated if OJT programs were to be operated on a larger scale.

C. Organization of this Report

As the foregoing discussion indicates, substantial questions remain about whether OJT programs funded in part by the diversion of AFDC grants can realize their theoretical appeal. The nature of these issues is discussed in greater detail in the next section of this report. A short description of each of the six state programs follows. The report concludes with observations from the early experiences of the grant diversion projects and a series of guidelines which the participating states may find helpful in their continued implementation of these programs. Other states may also wish to consider these issues and lessons if they plan to adopt the grant diversion approach.

II. Key Issues Surrounding Grant Diversion and OJT

The scope and character of a grant diversion program will be shaped by the decisions states make on a set of key policy, program and administrative issues, which are discussed below.

A. Scale of the Program

As previously noted, one of the fundamental questions about the feasibility of grant diversion-funded OJT programs is the issue of scale: Can OJT programs operate on a scale substantial enough to represent an important employment option for large numbers of welfare recipients? One reason this issue is important is that OJT positions funded by grant diversion represent a possible private sector approach to improve the employability of welfare recipients. Exclusive reliance on the private sector raises questions about the ability to identify sufficient numbers of jobs.

The issue of scale is also closely related to whether these programs should be mandatory: that is, whether all or a part of the caseload should be required to participate in a program as a condition of receiving welfare. While there is often an expectation that other approaches, such as job search or work experience, can be implemented as mandatory programs (assuming adequate slot capacity), grant diversion-funded OJT offers different conditions. Thus, mandatory participation is complicated by the fact that the OJT hiring decision rests with the employer, and program staff are unlikely to refer unwilling or unprepared participants to employers.

Grant diversion is therefore likely to become de facto a voluntary option, even within an otherwise mandatory WIN system. This, in turn, is likely to affect program scale, since the interest of clients and staff decisions will affect the numbers who volunteer for and are subsequently placed in OJT positions. An important issue is whether there are programmatic or administrative strategies that can increase program scale over that achieved in previous efforts.

B. Targeting

Targeting involves the selection of subgroups within the AFDC population that are most appropriate for OJT positions funded by grant diversion. States have several options in this regard. At one extreme, they can elect not to target their programs at all. At the other, states can set forth clearly defined eligibility criteria for referral to OJT positions. These criteria, for example, can be tied to the recipients' welfare and employment history, or to their prior program experience in other WIN components, such as job search and work experience.

A state's decision on targeting will depend in part on its primary objective in selecting the grant diversion option. States are less likely to direct their programs to very disadvantaged individuals if the principal goal is to maximize the number of OJT placements and satisfy employers. The risk of this strategy, however, is that many of the more "job-ready" welfare recipients are capable of finding

jobs without the assistance of a subsidized OJT experience. Findings from a number of research studies indicate that the welfare caseload is dynamic, with a large proportion of people cycling on and off the rolls in a six-month time-frame.* States serving only the more employable individuals may be serving many who would have been able to find jobs -- and leave the rolls -- on their own. Thus, overall welfare expenditures could actually be higher if the welfare grants of these employable people become frozen into grant diversion-funded OJT contracts.

On the other hand, states are more likely to target their programs on more disadvantaged individuals if their primary goal is to generate welfare savings. The key is to identify the appropriate segment of the WIN caseload: that is, those not likely to obtain jobs without assistance, yet sufficiently employable so that, with a wage subsidy, they are both attractive to employers and capable of stable employment after a training period. This is a challenging undertaking since formal assessment tools have not generally proved reliable as a means to measure employability.

One alternative to standard assessment instruments is the use of objective factors, such as welfare and employment history and prior experience in other WIN components, as a rough predictor of future labor

* Bane and Ellwood, "The Dynamics of Dependence: The Routes to Self-Sufficiency," June 1983.

market success. For example, recipients who have been on welfare for extended periods of time with little or no recent labor market attachment are less likely to find jobs on their own than recipients with shorter stints on welfare and a more recent employment history. These less experienced recipients may be ideal candidates from the standpoint of the programs yielding longer-term welfare savings, but they may need some educational remediation and preparation in basic work skills.

C. Job Development

The critical factor in OJT, regardless of the source of the wage subsidy, is job development. In the past, the take-up rate by employers has been generally low for all populations, but particularly so for welfare recipients. For all groups, the lure of a wage subsidy has been more than offset by cumbersome contractual arrangements and reimbursement procedures, as well as the uncertain productivity levels of the potential employees. For welfare recipients -- whom employers may perceive as lacking in motivation or having failed too frequently to hold jobs -- OJT will require creative marketing techniques and an aggressive job development strategy. Among the features that might make OJT an attractive option to an employer are the following:

- A wage subsidy sufficiently large to offset training costs and the initial lower productivity levels of trainees. In low benefit states, where the subsidy based on diverted welfare grants is also going to be low, it may be necessary to supplement the subsidy with other funds to enhance the appeal to employers.

- Careful screening of referrals by program staff to ensure that major impediments to employment -- such as child care, transportation and health problems -- have been resolved or are not likely to interfere with a normal work routine.
- Simplified contractual and reimbursement procedures.
- Supplementary benefits to employers, such as tax credits once the period of subsidy ends and the employer hires the trainee in an unsubsidized job.

The state welfare agency has two options in conducting job development, both of which entail certain risks. One option is to handle job development internally by giving agency staff that responsibility. While this management choice has the advantage of simplicity and control, it also has drawbacks: Welfare agency staff, whose traditional concerns have been assessment and the social service needs of recipients, have had less experience with private sector job development than the Employment Service and the employment and training system. In addition, employers may react negatively to individuals referred from a welfare agency.

The other option is to contract the job development function to agencies with greater experience. While this course of action is sensible and pragmatic, particularly in a period of diminishing resources, it too is not without risks. Coordinated efforts involving multiple agencies can become time-consuming and even counter-productive if the agencies have divergent goals. Historically, strong relationships between welfare agencies and the employment and training system have

been the exception, rather than the rule. Contractual relationships between the two in this type of an effort will require the development of mutual understanding and a shared interest in the program goals. These factors are crucial to the success of job development and inevitably the yield of the OJT positions.

A variety of approaches can be used in job development. One is to develop a bank of jobs and match participants as closely as possible to these available jobs. Another is to customize the process and develop specific jobs based on the assessed skills of participants. States will also need to consider whether job development should concentrate on large or small employers. Experience has shown that small or medium-sized employers tend to be more responsive to OJT programs for economically disadvantaged groups, although these employers are able to commit only a few job openings. Large employers tend to be more bureaucratic in their hiring decisions. Their advantage is the capacity to commit a larger number of slots and to become an ongoing source of job placement opportunities.

A related issue is the type and quality of the job. Should jobs be targeted to certain growth industries? Should primary labor market jobs be given priority over secondary labor market jobs? Should minimum-wage jobs be excluded from job development efforts? The responses of the states to the latter two questions could be affected by a number of factors, including the size of the welfare grant and whether welfare recipients are likely to be financially better off

working. High benefit states are more likely to place an emphasis on higher-wage jobs than low benefit states, since the incentives to work are different. Additionally, if the primary intent is to create opportunities for long-term career growth and job stability, high quality jobs well above the minimum wage should be the main type of positions developed. However, if difficulties are anticipated in developing sufficient numbers of jobs, practical considerations might dictate that programs not be too selective about the wages jobs are paying to program participants.

A final issue is the extent to which the subsidies are tied directly to the employer's real training costs at the job site. More often than not, OJT has been a misnomer; the compensation to the employer has often been seen as offsetting assumed lower productivity levels rather than defraying the costs of actual training.

D. The Grant Diversion Mechanism

Another challenge for states is establishing the administrative mechanisms for diverting the welfare grants used for wage subsidies. In the National Supported Work Demonstration, which used grant diversion in several states beginning in the mid-1970s, this was a lengthy process, involving multiple steps. First, the approval of required waivers for each state with a Supported Work site often took several months. After approval, procedures for diverting the welfare grant entailed monthly recalculation of each person's grant level (i.e., determining the amount available for subsidy after applying the \$30 and 1/3 disregard and other deductions) and transferring funds from the welfare account to newly established accounts for the wage subsidies.

Further complicating matters, these calculations had to be done on an individual basis since grants could not be frozen and diverted amounts had to be tied to actual monthly wages. Finally, the mechanism to provide supplemental grant checks varied by site. This time-consuming procedure may have deterred some states (at least initially) from embracing the welfare diversion option available under OBRA.

However, the Office of Family Assistance took several measures to make the current offering of welfare diversion more attractive. Although at first each state had to apply for a series of waivers separately, OFA eventually authorized blanket waivers for the six states selected for the demonstration. This greatly expedited the waiver approval process and simplified the administrative procedures for diverting the welfare grant.

Two waivers in particular facilitated the administration of welfare diversion: 1) the authority to freeze the grant level as of the time the recipient entered the diversion program; and 2) permission to use a wage pool for distributing subsidies rather than basing each person's subsidy level on the amount of his or her own grant. In the current version of grant diversion-funded OJT programs, the amount of the recipient's grant loses its identity and becomes part of a wage pool, from which a uniform subsidy rate is paid to employers. Nevertheless, a number of factors still need to be considered, including the size of the wage pool and subsidy level (which depend on average grant levels), projected wage rates, hours of work per month, the distribution of the caseload among different family sizes, and average child-care payments.

Although the new OFA rulings eased the administrative burden on the more technical aspects of grant diversion, states still needed to develop procedures for diverting the grant and setting up an audit trail documenting expenditures. This requires careful coordination.

E. Administration

States electing the grant diversion option were developing and implementing new programs in a period when the welfare system was undergoing extensive change. State welfare agencies had to adjust to both substantial reductions in WIN funding in 1982 and 1983 (and related staffing cuts) and to new responsibilities associated with administering a WIN Demonstration Program. Although WIN Demonstration status was intended to give states added flexibility and to remove some of the federally imposed requirements, time-consuming negotiations initially took place between the state welfare agencies and Employment Services over their new roles and responsibilities. OBRA also required states to comply with new requirements for monthly reporting and budgeting, and there were changes in computing the \$30 and 1/3 disregard and new criteria for determining welfare eligibility.

The introduction of a new grant diversion program was therefore not the only, and certainly not the most, substantial change to which state administrators had to adjust. For those choosing the grant diversion option, however, the problems were compounded. One immediate difficulty was that welfare agency staff were, on the whole, inexperienced in planning and running employment programs -- and grant

diversion-funded OJT models were not easy programs to implement. Staff had a number of complicated tasks to perform in a timely manner, including establishing administrative procedures for developing OJT positions, funding the wage pool, computing average subsidy levels, and reimbursing employers. At a time when there were many competing demands on welfare officials, staff also had to ensure that the grant diversion program commanded the required resources and attention of top management.

F. Institutional Relationships

The welfare system was not alone in undergoing a major transformation during this period. The employment and training system was restructured following the passage of the Job Training Partnership Act in 1982. JTPA, which replaced the Comprehensive Employment and Training Act (CETA), reorganized the delivery structure of employment and training programs by shifting oversight responsibility from the federal government to the states and vesting local administrative responsibility in Private Industry Councils (PICs) which had majority business representation. There was also a major shift in programmatic emphasis from work experience and public service employment, as in CETA, to training and job placement under JTPA. The changes engendered by JTPA have a bearing on the welfare system and the WIN Program, including the following:

- New performance standards, which placed a greater premium on quick and lower-cost job placements, and for the first time, set penalties for noncompliance and bonuses for surpassing the standards. The initial JTPA performance standard for AFDC recipients was an entered employment rate of 41 percent and an average cost per placement of \$5,704.

- New restrictions on program funding, particularly the share that could be spent on support services (an effective cap of 15 percent). This substantially reduced the amount of funding available for stipends and program-related expenses such as transportation and child care.
- Restrictions on expenditures for work experience which virtually abolished this activity for enrollees in JTPA.
- A new statutory requirement that JTPA serve WIN registrants in proportion to their representation in the eligible population.

Collectively, these changes created conflicting pressures within the JTPA system. On the one hand, the mandate to achieve high placement rates at low cost increased the tendency to "cream," or to work with those most likely to get jobs quickly. This presumably would cut down on training time and hence public expenditures. The new restrictions on allowable program activities further increased the appeal of shorter and less expensive training strategies.

On the other hand, the statutory requirement to serve WIN clients pushed the JTPA system to work with a population that is generally regarded as in need of more extensive (and thus more expensive) services. This also suggested the advisability of joint efforts between WIN and JTPA, particularly in programs such as grant diversion-funded OJT.

WIN offers the JTPA system the following potential benefits: 1) an AFDC referral source to enable JTPA to fulfill its statutory quota; 2) a revenue source (welfare diversion) for OJT positions; and 3) support services (such as child care and transportation) which the

JTPA system is restricted in providing. In turn, JTPA can offer WIN several benefits: 1) access to employers and OJT positions through experienced job developers; 2) access to JTPA-funded training programs; and 3) enriched wage subsidies, whereby the diverted grants are supplemented by JTPA funding.

Unfortunately, in most states, there have been few active working relationships between WIN and the employment and training system. WIN administrators have viewed JTPA, and CETA before it, as bypassing AFDC clients in favor of more employable groups. JTPA, in turn, has seen WIN as not adequately screening referrals. Although there are clear advantages to the two systems working together, both programmatically and financially, it is likely to take some time to cultivate relationships. This report will examine the extent to which attempts were made in the grant diversion programs in these six states to work out a coordinated relationship between WIN and JTPA, and the specific roles and responsibilities that each of the two systems assumed in this demonstration.

III. Descriptions of State Programs

As noted earlier, the Office of Family Assistance solicited proposals from states interested in designing a grant diversion program for their AFDC recipients. The guidelines accompanying the Request for Proposals were fairly broad and gave states a substantial amount of flexibility in designing their initiatives. As a result, a wide variety of program designs were implemented, as described below and summarized in Appendix II. One of the few OFA restrictions was that the grant diversion-funded OJT programs must be targeted to single heads of households on AFDC and could not include members of the AFDC-U group.

During the first year of program operations, MDRC staff visited each of the six states periodically and focused on a number of issues: the origins of grant diversion, program goals and objectives, administration and management, and early implementation. MDRC staff met with state officials and program administrators who had planned the programs and with staff responsible for carrying them out in the designated demonstration locations. Copies of quarterly reports, prepared by states for review by OFA, were also helpful in understanding the evolution of program goals and the progress made during the early implementation period.

A brief description of each state's grant diversion program follows, in which the factors affecting the start-up period are identified and discussed.

ARIZONA

Administered by the Department of Economic Security, the Arizona grant diversion project, called The Right Change, has been integrated into that state's ongoing employment and training system for welfare recipients. The Right Change offers employers \$180 per month for up to six months for hiring AFDC recipients.

Grant diversion in Arizona was planned as a supplemental effort to the State's WIN Demonstration initiative, the Work Incentive Demonstration Program (WIDP), which became operational in June 1982. WIDP replaced the regular WIN Program in the two largest counties, Maricopa (Phoenix) and Pima (Tucson). For other areas in the state, The Right Change was planned as a supplemental effort to the Employment Service (referred to as the Job Service in Arizona) and JTPA services for AFDC clients. The program is viewed not as a separate OJT program for AFDC clients but as a marketing tool at the disposal of the three systems (WIDP, Job Service and JTPA) which develop jobs for welfare clients. These systems are all housed within the Department of Economic Security (DES), which functions as an umbrella human services agency.

The program is targeted to AFDC recipients who have been on welfare for a minimum of three months (without any employment), or have completed a structured job search component without finding work. They must also have an AFDC grant of at least \$180 a month. AFDC recipients who are receiving Unemployment Insurance (UI) benefits are not eligible.

The Right Change contains both a marketing and an administrative component. As part of the marketing strategy, job developers for the

three systems may all use the \$180 incentive as an enticement to employers to hire welfare recipients. Job development capacity has been augmented by federal funding used to hire four Employer Service Representatives (specialists in developing private sector jobs) to assist in the marketing effort in Phoenix and Tucson. Job developers also have the discretion to supplement the subsidy levels with funding from JTPA.

Administrative responsibility rests with personnel from three different divisions within DES: Family Assistance Administration staff (FAA), who determine eligibility; staff from the DES Division of Business and Finance, who handle payments to employers; and WIDP staff, who initiate employer contracts. Overall coordination is provided by a program director within the Division of Employment and Rehabilitative Services.

The Right Change operates statewide. Enrollment estimates for the first year (adjusted downward after various programmatic delays) were 100 to 150 participants, with an increase to 1,000 in each of the two succeeding years. Program start-up, however, did not begin until the spring of 1984 because of planning and the time needed to hire and train staff, develop marketing materials, and gain formal approval of administrative rules and regulations. By the end of 1984, Arizona had enrolled 163 participants and placed them in positions, primarily in small businesses. However, half of the participants had terminated employment before the end of the six-month OJT period.

FLORIDA

Called TRADE (Trade Welfare for Work), the Florida grant diversion program is a joint venture involving the 11 district offices of the Department of Health and Rehabilitative Services (HRS) and the 24 Service Delivery Areas (SDAs) established under JTPA. While TRADE is intended to be fully integrated into all new services and the administrative structure of Florida's WIN Demonstration Program, TRADE is planned to operate statewide in both WIN and non-WIN counties. Florida's WIN Demonstration Program operates in 33 of Florida's 67 counties covering over 75 percent of the AFDC caseload.

In the WIN Demonstration counties, TRADE is targeted to WIN-mandatory registrants who are unsuccessful in finding work through job clubs or independent job search. In non-WIN counties, AFDC recipients may volunteer for TRADE either on their own, or following job search (if available). The TRADE model, which makes use of JTPA services, allows job developers to offer employers a subsidy of up to 83 percent of the wage, with roughly 33 percent provided by grant diversion and 50 percent by JTPA. The offer includes federal tax credits for unsubsidized hiring, with additional state tax credits for employers in designated "enterprise zones." Responsibility for the diversion program is divided between HRS staff, who screen recipients and provide social services, and JTPA staff, who develop the OJT positions.

A first-year goal of 800 OJT placements was expected to be achieved through a staggered phased-in schedule involving the SDAs. The original plan was to start with eight SDAs in the spring of 1984, with eight

more to be added in the summer, and a final eight in the fall. The timetable for the TRADE schedule has slipped considerably for a number of reasons. First, HRS staff took care to avoid any legal challenges by scrupulously following the process required to adopt formal rules and regulations. Second, contract negotiation between HRS and the SDAs has been more protracted than originally anticipated. Third, time was needed to train staff in the 11 HRS district offices. Fourth, only one staff person at HRS was designated to handle all administrative responsibilities and coordinate all planning activities.

By the end of 1984, over half of the SDAs had volunteered to participate in TRADE, and 20 AFDC recipients had been placed in OJT positions.

MAINE

The Maine Training Opportunities in the Private Sector (TOPS) program is offered at 18 locations involving all five WIN regions and the state's two SDAs. TOPS is one program option within Maine's WIN Demonstration Program, known as WEET -- or Welfare Employment, Education and Training -- run by the Department of Human Services.

The TOPS program model has three components: pre-vocational instruction, lasting two to five weeks, stressing work maturity skills and career exploration; a field placement/work experience lasting up to 12 weeks; and finally, grant diversion-funded OJT placements, primarily in the private sector, lasting up to six months. The components were designed to build on each other progressively to form an integrated, clearly connected set of services. Clients may, however, move into an OJT position at any time during the program, and need not proceed through the entire sequence.

The TOPS design relies on extensive coordination between WEET and the JTPA system. The basic arrangement is that JTPA will provide the pre-vocational training; WEET, the work experience placements; and JTPA, the OJT development and placement, either alone or in conjunction with WEET. (However, there is some variation in this structure across localities.) Of the 50 percent employer subsidy for OJT positions, WEET will pay 35 percent and JTPA pays 15 percent.

WEET caseworkers are responsible for the identification and recruitment of eligible clients, who must be single heads of households on welfare for at least six consecutive months, and not have regular full- or part-time employment at the time of entry into the program. Clients are assessed by WEET staff at an entry interview to determine their motivation, their appropriateness for the program, and any barriers. JTPA staff also screen clients right before placement in an OJT position.

The early enrollment projections for the demonstration period called for 600 recipients to participate in TOPS, of which 400 would end up in OJT positions. As of the end of December 1984, 305 had enrolled in TOPS and 63 had been placed in OJT positions. Program implementation was slowed by a number of administrative factors. First, the WEET and JTPA systems were undergoing major internal changes when TOPS began in November 1983. In April 1982, when the WIN Program was restructured to single agency administration (WEET), it became part of the newly-created Division of Welfare Employment in DHS. The WIN staff was cut from 78 to

34; two of the seven WIN offices were closed, and the geographic areas served by WIN were cut back throughout the state. WEET program emphasis changed from immediate placement to long-term job preparation stressing enrollment in education and training programs.

Similarly, the transition from CETA to JTPA in 1983 included agency reorganization, staff losses, budget cuts, and state restructuring from three prime sponsors to two SDAs. Non-financial agreements for the provision of TOPS services were negotiated between central staff in the Division of Welfare Employment and the JTPA SDAs throughout the state, while regional WEET offices subcontracted with local JTPA service deliverers under separate arrangements. As a result, there is great variety in methods of coordination and service provision at the 18 locations providing TOPS.

NEW JERSEY

New Jersey has incorporated grant diversion into existing WIN Demonstration activities and is operating in eight counties with a projected enrollment level of 500 participants per year. The project is being administered by the Department of Human Services, with the close cooperation of the State's Department of Labor, Division of Employment Services.

As with other states, New Jersey elected to participate in the WIN Demonstration Program in order to take advantage of the flexibility to design and implement WIN services. Under the new program, New Jersey continues to offer the basic WIN components -- group job search, class-

room training, OJT and work experience -- and views grant diversion as an opportunity to use AFDC funding as a source for employment and training services.

New Jersey has targeted its project to welfare recipients not currently receiving WIN services, including new registrants as well as clients who have completed another WIN component yet have still not found employment. In all instances, clients must be assessed as employable, based on minimum educational level or employment history. Participation in grant diversion is voluntary, and clients are counseled and assessed by job developers before being placed into the project.

Job development and the matching of clients to OJT positions have been subcontracted to the New Jersey Department of Labor, Division of Employment Services. In each demonstration county, at least one and in some cases two job developers have been identified to work exclusively on grant-diverted OJT. The job developers are familiar with the local labor market, the receptivity of firms to a subsidy, and -- of equal importance -- the support expected from the firm hiring the recipient. The relationship between DHR and DOL, established during WIN, is strong at both the state and local levels.

The eight counties selected for the demonstration were chosen for their interest in grant diversion and for their prior successful job development efforts for AFDC recipients. However, because the welfare system is not state-administered, each county welfare board had to review and approve the project before deciding to participate. This, along with the need to appoint an independent evaluator, contributed to the slow

start-up in the first year. The demonstration did not officially begin until October 1984, but the grant diversion project started as a pilot program in April. Cumulative placements through December 1984 totaled 56.

OJT contracts with private firms vary from four to 26 weeks, depending on the skills level of the job. Current estimates indicate that most pay an average of \$4.50 an hour in a variety of occupations. New Jersey's economy and labor market have improved during the past few years, an encouraging sign to county job developers.

TEXAS

The Texas Department of Human Resources has implemented its grant diversion project, called Job Training and Work Experience (JT/WE), in three WIN Demonstration counties throughout the State. These counties include Dallas (city of Dallas), Smith (Tyler), and Nueces (Corpus Christi). Although all WIN-mandatory AFDC clients are eligible for JT/WE, the project itself is voluntary in accordance with state legislation.

JT/WE has been structured as a multi-phase model. Phase I includes up to two months of work experience with a private-for-profit firm, during which time participants are not paid wages but continue to receive their AFDC grants and an additional \$60 a month for training-related expenses. This is followed by four months of OJT, with diverted grants the source of the subsidy. As a low benefit state, subsidy levels are

expected to average only 25 percent of the wages during the four-month period. At the end of the sequence, clients are expected to "rollover" into unsubsidized jobs in which medical benefits are available. However, clients may spend less time than the maximum in either component or, where appropriate, skip a component.

Currently, there are no linkages with JTPA agencies in any of the counties, although presentations have been made at the state level to encourage participation by SDAs. DHR staff have responsibility for all facets of the project, with just one staff person within the Division of Family Self Support Services designated in each county to coordinate all JT/WE activities.

During the first year of operations, the JT/WE effort in the three counties was stalled for a number of reasons, and the enrollment level has been very low. By December 1984, only 18 persons had participated in one of the JT/WE components compared to a first-year goal of 890. The main problems were inadequate staffing, the burdensome contracting and reimbursement procedures for employers, and the complexity of the program model.

Staffing difficulties have generally arisen in the area of job development. JT/WE was intended as an additional responsibility for the Family Self Support staff, who have the regular tasks of handling WIN services, Medicaid screening and other social service needs of clients. And, while job development is a key task in a grant diversion effort,

the responsibility has rested in most cases with a single staff member inexperienced in the techniques of locating appropriate jobs and with little knowledge of the local labor market.

The contracting and reimbursement procedures for JT/WE are time-consuming and were, at least initially, voluminous. Agreements with private employers, until recently, needed to be approved by chief executive officers, who were in some instances heads of large national firms residing outside the state. Standard service provider agreements were not appropriate for private employers and have since been revised.

Another problem was that DHR staff are prohibited by state law from providing direct payments to participants. Thus, private employers themselves have to pay for the interview stipends (\$10 per interview) and the training-related expenses of clients (\$60 per month) for the first phase of JT/WE in all but one area. Consequently, staff try to locate firms willing to assume these expenditures (although they are later reimbursed by the state), or as in one jurisdiction, make arrangements with private nonprofit and public agencies to provide these payments.

At the close of the first year of operations, FSS and JT/WE staff met to consider major modifications of the program. The consensus among key central and area staff was that the multi-phase design was attractive to neither clients nor employers, and was merely confusing. The need for a streamlined contracting and reimbursement policy was apparent, and steps have already been taken to redesign the procedures. Additional staffing, along with specific training in the fundamentals of job develop-

ment, were also strongly suggested. JT/WE may also be cut back from three locations to one (Dallas).

VERMONT

Vermont is the only participating state that elected not to apply for WIN Demonstration status. The grant diversion program (as in Maine is also called TOPS) was intended to build on the strong relationships that already exist between the State Departments of Social Welfare (DSW) and Employment and Training (DET). As a high benefit state, Vermont intended grant diversion to be a vehicle to help the state's welfare recipients obtain primary labor market jobs with wages high enough to move them permanently off welfare.

TOPS is administered by DSW through a contract to DET. The project is decentralized and operates through 12 state districts. In the DSW central office, one person is in charge of the overall coordination. At the district level, DET has allocated 10 job developer positions in 12 local offices.

The TOPS program design has no sequence of activities; rather grant diversion is part of an integrated WIN service program that includes group and individual job search, WIN support services, CWEP and referrals to JTPA. First, those eligible for TOPS discuss their job interests with a social worker, who then, jointly with a job developer, assesses the client's vocational skills and the available job opportunities. The job developer attempts to find an appropriate slot for the client, while the social worker takes care of any employment barriers.

Marketing of the program varies within the state: some districts use the Targeted Job Tax Credit (TJTC), others appeal to employers' humanitarian instincts, and still others emphasize the availability of the 50 percent subsidy for up to six months. Small and medium-sized companies with an entry wage of \$4.30 per hour are the principal targets of job developers.

The eligibility criteria for TOPS allow mandatory WIN registrants to participate who have had at least six consecutive months on AFDC, some high school education (although a diploma is not required) and some work experience. Because many in the target group have had recent earnings, a good number of participants have exhausted part or all of their \$30 and 1/3 disregard.

As of December 31, 1984, the cumulative number of OJT placements in the Vermont TOPS program was 15, compared to a first-year placement goal of 200. Major implementation delays were caused by the need for state legislation authorizing the program, the negotiation of the contract between DSW and DET, and the hiring and training of staff.

IV. Observations from the First Year

The first year of most new programs is a period of adjustment. Planning an initiative takes time and effort, and start-up problems are inevitable before operational stability can be achieved. This has been especially true for the grant diversion projects, where the states have confronted an array of problems and constraints -- some anticipated and some unexpected.

This section of the report will examine the early start-up period and how states responded to the set of issues and challenges identified in Section II. The facilitating and impeding factors which affected implementation during this early period will also be assessed. In reviewing this section, one should keep in mind the definition of grant diversion noted earlier: that is, grant diversion refers to the financial mechanism by which all or a portion of public assistance grants can be used to help fund specific programs involving the recipients of those grants. In the case of these six states, AFDC funds were diverted to form a wage pool to partially subsidize positions in the private sector.

A. Scale

All of the states have fallen short of their first-year goals for OJT placements. Collectively, the six states originally projected about 3,800 placements in OJT positions from October 1, 1983 through September 30, 1984. As of December 31, 1984, the number of cumulative placements was approximately 250.

At this point, it would be premature to draw any definitive conclusions on the feasibility of OJT as an employment option for the AFDC population, given the significant time needed for matters of administration and coordination. However, based on this early period, it appears that the scope of grant diversion-funded OJT programs is likely to remain modest in these six states. This is a key issue to be examined in the second year of operations.

The states' shortfall in achieving their initial goals can be attributed to a number of factors. First, with the exception of Maine (which had applied for waivers even before OFA's application process), programs could not get under way until plans had been completed for the budget, the research design, and the selection of an evaluation contractor. As a result, the programs did not become operational until the spring of 1984, and in the case of New Jersey and Vermont, not until the summer of 1984. States then had to staff up for their programs, train the staff, and develop procedures for administration and data collection. Further delays resulted in states where authorizing legislation or the formal adoption of administrative regulations was required. States electing to coordinate with the Employment Service or JTPA required more time to undertake the necessary negotiations. In addition, preparation for the new grant diversion programs was occurring at the same time that state welfare agencies were adjusting to major funding and regulatory changes in the welfare system and the WIN Program.

Second, perhaps because of their lack of familiarity with OJT programs, the goals set by the states were overly ambitious and probably

unrealistic. Private sector OJT has never been a large-scale employment option for welfare recipients, and there would be little reason to expect a major turnaround under grant diversion, which is merely a mechanism for funding the wage subsidy. Goals probably should have been adjusted downward to reflect the inexperience of welfare agency staff in mounting these types of programs. Some of the states were probably also overzealous in trying to start a new program in all or a large portion of the state, although Arizona, Maine and Vermont may have done so only because of sample-size requirements for the impact study. To the states' credit, most have now either officially or informally adjusted their goals for the first year, and most recognize that, even with the benefit of recent operating experience, the goals for subsequent years will also need to be altered.

Despite the apparent constraints on the size of these programs, grant diversion-funded OJT may still be useful as one tool in an array of employment options. (It is hoped that the impact studies will produce evidence on the extent of any effects on participants' employment, earnings or welfare receipt.) There may also be other benefits associated with welfare agency staff becoming more employment-oriented and proficient in developing jobs with private employers, and in bringing the welfare and employment systems closer together.

B. Targeting

Most of the states have targeted their programs to the middle range of the caseload in terms of employability. While Texas

opened the program to all who were interested, the other five states largely restricted participation to a segment of the caseload. Two basic approaches were used in establishing eligibility. In Maine and Vermont, eligibility is based on the recipients' length of time on welfare. Only recipients who have been on welfare a minimum of six months qualify for welfare diversion. In Arizona and Florida, diversion is restricted to clients who complete an upfront job club or another job search component without finding a job. (In Arizona, recipients can also qualify if they have been on welfare for a minimum of three months.) By focusing on this broad range of recipients, states hope to work with a group of recipients who are unlikely to get jobs on their own, but are also attractive to employers when subsidies are used as a hiring incentive.

Within the targeted caseload, there has been some screening to select appropriate clients and some degree of self-selection by the clients themselves. Mandatory WIN recipients who either were not appropriate or did not want to participate were not referred since program staff had no desire to jeopardize relationships with employers. In Maine and Florida, WIN volunteers are also encouraged to participate.

During this early period, sanctions were rarely used. Individuals who did not comply with program regulations were usually referred to other WIN components. Hesitancy to institute the adjudication process after placement created some problems for staff, who sometimes became frustrated by the lack of leverage when a trainee's

performance and attendance declined. Nevertheless, it is unlikely that the adjudication process will be used in these programs. It is more likely that noncompliant individuals will continue to be transferred to other program components or to an unassigned pool. In Arizona, for example, roughly half of the participants had been terminated from their jobs before their OJT period expired, yet none of the recipients has been sanctioned.

C. Job Development

In the past, job development has been one of the most difficult problems of OJT operated in the private sector, and early indications are that it will continue to be a problem for these programs. While start-up and other administrative difficulties help account for the low numbers of participating firms to date, staff in all of the states are struggling to identify interested employers. Employers have not been particularly responsive to wage subsidies or the prospect of entering into a contractual agreement with a government agency. Anecdotal evidence indicates that employers often prefer to hire directly rather than become involved in on-the-job training contracts.

During the initial period, the states showing the greatest degree of success were those that had agencies experienced in job development and programs that were simple and straightforward. In Arizona, grant diversion is not a separate program, but a marketing tool at the disposal of job developers in three different systems, all housed within the same administrative structure. The effort is marketed not as

an OJT program but as a bonus payment of \$180 per month for employers who hire welfare recipients. (The program's catchy name, "The Right Change," has also helped in publicity efforts.) New Jersey is also a better-performing OJT state. Job development is contracted to the Department of Labor, which has had long and extensive experience in developing OJT positions and a good relationship with the Department of Human Services. As a major Supported Work state, New Jersey is, in addition, well versed in the mechanics of welfare diversion. Both Arizona and New Jersey further benefit from healthy labor markets and low unemployment rates.

States encountering greater difficulty with job development are those (such as Texas) which rely on welfare agency staff; those with limited prior experience; or states like Maine and Florida that are attempting to cultivate new relationships with the JTPA system. These states are tolerating delays and short-term setbacks in the hope that the long-term benefits of the new relationships will make their efforts worthwhile. Grant diversion is essentially an investment to orient their agencies to the employment needs of the welfare population.

Texas is an example showing the learning curve needed for a new initiative. Initially, Texas intended to use its standard service provider agreements for OJT contracts with private employers. Many parts of this multi-page document were not applicable to business firms. Texas eventually adjusted and simplified its contracting procedures, but this process took time.

supported work, as provided for in paragraph (8) of subdivision (d) of Section 11320.3, and lengthy classroom training.

(c) Program participants who have been recipients of aid under this chapter for less than two years and who have a history of employment shall be provided with less costly services and short-term services, unless a determination is made that these types of services would not be effective in assisting a program participant to achieve the ultimate goal of obtaining unsubsidized employment.

11320.5. (a) At the time an individual applies for aid under this chapter, or at the time a recipient's eligibility for aid is redetermined, the county shall determine whether the individual is required to register for the program provided under this article. At the time this determination is made, any individual who is deemed to be required to register under this article shall immediately register with the county welfare department. At the time an individual registers pursuant to this article, he or she shall receive a written preliminary determination that he or she is a member of a targeted group, for purposes of the federal Targeted Jobs Tax Credit and the California Jobs Tax Credit. With respect to any person required to register under this article, registration pursuant to subdivision (b), shall be a condition of eligibility for aid under this chapter, except that any delay in registration due to circumstances beyond the control of the individual shall not adversely affect his or her eligibility for aid under this chapter. The recipient may appeal a determination that he or she is required to register under this article or sign a basic contract pursuant to subdivision (b), through the procedures set forth in Chapter 7 (commencing with Section 10950) of Part 2. Persons not required to register may volunteer to participate. An applicant for, or a recipient of, aid who is dissatisfied with the terms of the basic contract may seek redress through informal and formal conciliation.

Unless otherwise exempt, all of the following persons shall not be required to participate in program components, beyond registration, until the county welfare department determines that the situation not requiring participation no longer exists:

- (1) A caretaker relative who is enrolled in school for at least 12 units of credit and has a child under age six.
- (2) A person who is so seriously dependent upon alcohol or drugs that work or training is precluded.
- (3) A person who is having an emotional or mental problem that precludes participation.
- (4) A person who is involved in legal difficulties, such as court-maintained appearances, which preclude participation.
- (5) A person who does not have the legal right to work in the United States.
- (6) A person who has a severe family crisis.
- (7) A person who is in good standing in a union which controls referrals and hiring in the occupation.
- (8) A person who is temporarily laid off from a job with a definite

call-back date.

(9) A person who is employed for 15 or more hours per week.

(10) A person, or a family member, has a medically verified illness.

(b) At the time an individual registers pursuant to this article, including persons who volunteer to participate, or with respect to any individual described in paragraphs (1) to (10) of subdivision (a) at the time the situation which permits nonparticipation no longer exists, every individual shall enter into a written basic contract with the county welfare department. The county shall offer the participant three days in which to consider and evaluate the proposed terms of this contract, or any subsequent amendments to this contract. The contract shall contain all of the following:

(1) The contract shall be written in clear and understandable language. The contract shall have a simple and easy-to-read format. The contract shall contain at least all of the following general information:

(A) A general description of the program provided for in this article.

(B) A description of the services, including supportive services such as child care and transportation, available to program participants.

(C) A description of the rights, duties and responsibilities of program participants, including a list of the exemptions from required participation under this article and the consequences of a refusal to participate in program components.

(2) In the case of any participant who has not been employed within two years from the date of registration, except for a participant described in paragraph (4), the contract shall provide that the participant shall participate in job club for a period of three weeks, as defined in paragraph (1) of subdivision (c) of Section 11320.3. Participation pursuant to this paragraph may be delayed in accordance with paragraph (5) or (6).

(3) In the case of any participant who has been employed within two years of the date of registration, except for a participant described in paragraph (4), the participant shall have the option to participate in a three-week period of job club, as defined in paragraph (1) of subdivision (c) of Section 11320.3, or in a three-week period of supervised job search, as defined in subparagraph (B) of paragraph (1) of subdivision (c) of Section 11320.3. At the discretion of the employment and training counselor and with the approval of the first or second line supervisor, the job search period may be shortened when it is determined that all reasonable job search efforts have been exhausted. The participant shall choose one of the options upon signing the contract. Participation pursuant to this paragraph may be delayed in accordance with paragraphs (5) or (6).

(4) Notwithstanding paragraphs (2) and (3), in the case of any participant who has been a recipient of aid under this chapter more

than twice within three years from the date of registration, the contract shall provide for immediate referral to assessment pursuant to subdivision (c). Participation pursuant to this paragraph may be delayed in accordance with paragraph (5) or (6).

(5) An individual who is enrolled in a self-initiated vocational training program of limited duration or an educational program which leads to unsubsidized employment may continue to participate in that program until completion, or in the case of an educational program, for a maximum of two academic years. Participation in the vocational or educational training program shall be reflected in the basic contract. The basic contract shall provide that whenever an individual to which this paragraph applies ceases to participate in, fails or refuses to attend regularly, or does not maintain satisfactory progress in, the educational or vocational training program, the individual shall participate in this program in accordance with paragraphs (2), (3), or (4), whichever is applicable.

(6) For those participants who lack basic literacy or mathematics skills, a high school diploma or its equivalent, or English language skills, the basic contract shall provide for either remedial education, instruction in order to obtain a general educational development certificate, or instruction in English-as-a-second-language. These participants shall be referred to appropriate service providers, including the educational programs operated by school districts or county offices of education that have contracted with the Superintendent of Public Instruction to provide services to participants pursuant to Section 33117.5 of the Education Code. The basic contract shall provide that when an individual, to which this paragraph applies, fails, refuses, or ceases to participate in the instruction provided for in this paragraph, without good cause, as specified in Section 11320.7, the individual shall be subject to the sanction provisions of Section 11320.6.

(c) A participant described in paragraph (4) of subdivision (b), and any participant described in paragraphs (2) or (3) of subdivision (b) who has not obtained employment after his or her three weeks of participation in job club or supervised job search, shall work with the county welfare department to initiate the development of an employment plan. In developing the employment plan pursuant to this subdivision, the county and the participant shall develop an assessment of the skills and needs of the participant, which shall include at least all of the following:

(1) The participant's work history, including an inventory of his or her employment skills, knowledge, and abilities.

(2) The participant's educational history and present educational competency level.

(3) The participant's need for supportive services in order to obtain the greatest benefit from the employment and training services offered under this article.

(4) The employment goals of the participant, and an evaluation of

the chances for the achievement of these goals given the current potential skills of the participant and the local labor market conditions.

(5) A goal to be attained upon completion of the program, including the period of time it will take to achieve this goal, and the resources available under this program for the attainment of that goal. This assessment shall be done by a person qualified by education or experience to provide counseling, guidance, assessment, or career planning. The county may contract with outside parties, including local educational agencies and service delivery areas to provide the assessment required by this subdivision.

(d) When the county and the participant have completed the assessment process required pursuant to subdivision (c), and they have agreed upon a goal to be attained under this program and the resources to be utilized in attaining that goal, the county and the participant shall amend the basic contract entered into pursuant to subdivision (b). The contract amendment shall specify the goal to be attained, the training or education services to be provided to the participant in order to attain the goal, which may consist of either one or more of the program components provided for in subdivisions (c) and (d) of Section 11320.3, and the criteria for successful completion of these services and attainment of the goal. With respect to education and training programs, the criteria shall include regular attendance, satisfactory progress, and completion of the program. The contract amendment shall provide for supportive services as necessary for participation in this program. Once the participant has begun his or her training or education, he or she shall have 30 days in which to request a change or reassignment to another component. The county shall grant the participant's request for reassignment to another component that is consistent with the results of the assessment. This grace period shall be spelled out in the contract amendment and shall be available only once to each participant.

If services to be provided under the contract are not immediately available to the participant, he or she shall receive job search services until the education or training services designated in the contract are available.

Any individual who meets the established criteria for successful completion of the training or education services to which he or she is assigned, but who remains unemployed, shall be referred to job search services for a period of 90 days. These job search services may, depending upon the needs of the participant, include any of the services provided for in subdivision (c) of Section 11320.3. If the participant remains unemployed at the end of this 90-day job search period, he or she shall be evaluated and reassigned to an advanced long-term preemployment preparation assignment, as defined in paragraph (2) of subdivision (d) of Section 11320.3.

If at any time a participant does not meet the established criteria for successful completion of the training or education services to

which he or she is assigned, the participant shall be reassigned to a basic long-term preemployment preparation assignment, as defined in paragraph (2) of subdivision (d) of Section 11320.3. The assignment to advanced or basic long-term preemployment preparation shall be reviewed by the county at least once every six months, for its continuing conformity to the contract, and likelihood of leading to unsubsidized employment. This review shall require an onsite visit to the participants worksite, and a discussion with the participant about his or her assignment and his or her job search progress. At the end of the one-year period specified in subdivision (d) of Section 11320.3, the county and the participant shall review the employment plan and, using the procedure described in subdivision (c), shall make any revisions necessary to obtain the goal of unsubsidized employment for the participant. These revisions shall become an amendment to the basic contract as provided in this subdivision.

Whenever a participant is assigned to a program component, the contract shall be amended to reflect the assignment. The county and the recipient shall be bound by the terms of any amendments made to the contract. The participant shall maintain responsible and adequate progress toward the goal of employment through the methods set forth in the plan, and the county shall provide the services specified in the plan.

(e) Notwithstanding the procedures set forth in Chapter 7 (commencing with Section 10950) of Part 2, if the participant and the worker are unable to reach agreement on amending a contract, pursuant to subdivision (d), the matter shall be referred by the county for an independent assessment by an impartial third party with career planning experience. The results of this assessment, which shall be binding upon the county and the participant, shall be used to develop the appropriate employment plan for the participant.

No assessment under this subdivision shall be made by a party having any financial or other interest in the result of the assessment. The party making the assessment shall be selected by the department according to an unbiased procedure. Remuneration for this assessment shall be made by the department according to a fair fixed fee established by regulations of the department.

(f) A participant shall not be placed involuntarily in any other training or education component while waiting for assignment to the component agreed to in his or her contract.

Since a participant assigned to preemployment preparation, as defined in paragraph (2) of subdivision (d) of Section 11320.3, will be expected to continue to seek employment, at any time during the participant's preemployment preparation assignment he or she may request job services, as defined in subdivision (c) of Section 11320.3.

(g) Any participant who fails or refuses to participate in the program developed by the assessment pursuant to subdivision (e)

shall receive sanctions in accordance with Section 11320.6.

Any county which fails to provide services according to its plan approved pursuant to this article shall receive sanctions in accordance with Section 10605. A recipient or a group of recipients may request the director to invoke Section 10605.

(h) Any participant who has entered into an amended contract plan pursuant to subdivision (d) and who, at any time, fails or refuses to participate in a component to which he or she has agreed to participate without good cause, shall be subject to sanctions in accordance with Section 11320.6.

11320.55. If an overpayment occurs pursuant to Section 11004, the number of hours calculated according to subdivision (d) of Section 11320.3 represented by the overpayment recoupment shall be deducted from the hours of participation required in future months. If a participant ceases to participate under this article before the adjustment in hours can be made, the county shall forgive the overpayment.

11320.6. (a) Whenever an individual has failed or refused to participate without good cause in a program component to which he or she is assigned pursuant to subdivision (b), (d), or (e) of Section 11320.5, and the participant continues to refuse to participate after a period of informal and formal conciliation between the county and the participant, sanctions shall be imposed in accordance with subdivision (b) or (c), whichever is applicable. The department shall develop regulations specifying the maximum length of time which may be utilized in informal conciliation efforts. These efforts may utilize discussions with the supervisors of employees who make the decisions as to whether a participant has refused to participate without good cause in a program component to which he or she is assigned. Formal conciliation efforts shall follow informal conciliation efforts, if the latter have not resolved the dispute. Formal conciliation shall be conducted in accordance with Section 5302 of the Unemployment Insurance Code.

(b) Except for persons voluntarily participating in this program, whenever the participant engages in an initial failure or refusal to participate without good cause, in a program component to which he or she has been assigned pursuant to subdivision (b), (d), or (e) of Section 11320.5, and conciliation efforts pursuant to Section 5302 of the Unemployment Insurance Code have failed, the family shall be placed on money management services for three months, except that if the participant and the county welfare department reach an agreement on program participation during this sanction period, or if the participant agrees to participate and performs the activity he or she previously refused to perform, money management services shall be terminated as soon as possible. Financial sanctions shall be imposed in accordance with Section 11308 if any of the following events occur:

(1) The participant continues to refuse to participate after the

to transport family members to a school or place providing care, or when walking is the only available means of transportation, the round trip is more than two miles, exclusive of the mileage necessary to accompany family members to a school or a place providing care.

(4) The employment, offer of employment, activity, or other training for employment involves conditions and specific responsibilities that impair the individual's physical or mental health or are not related to the individual's capability to perform the task on a regular basis.

(5) The employment, offer of employment, activity, or other training for employment involves conditions that are in violation of applicable health and safety standards.

(6) The employment, offer of employment or work activity, does not provide for worker's compensation insurance.

(7) An employment or training program position utilized pursuant to this article may not be created in violation of Section 11320.35.

(8) The employment, offer of employment, activity, or other training is not within the scope of the employment plan as contained in the contract provided for under Section 11320.5.

(9) Accepting the employment, offer of employment, or work activity would cause the individual to violate the terms of his or her union membership.

(10) Accepting the employment, offer of employment, or work activity would cause an interruption in an education or job training program in progress, excluding community work experience assignments as defined in paragraph (2) of subdivision (d) of Section 11320.3, or would prevent the individual from returning to his or her regular job within a reasonable time, unless the job offer provides either of the following:

(A) Employment and sufficient income to lead to self-support and the job offer is within the scope of the employment plan.

(B) Temporary employment while the individual is waiting for reemployment in his or her regular job.

(11) The participant is not receiving the supportive services agreed to under the contract entered into pursuant to Section 11320.5.

(12) In addition to good cause as specified in this section, no sanction shall be applied to any participant who is absent or tardy for periods up to 10 percent of the weekly hours required for any component. However, this time shall not accumulate.

(13) The employment or offer of employment is at a wage level that results in a net loss of income, in accordance with subdivision (1).

(b) The individual is temporarily physically incapacitated or suffers temporary physical illness.

(c) The individual is required to appear in a court proceeding or is incarcerated.

three month money management services sanction period.

(2) The participant engages in a second instance of nonparticipation without good cause.

(3) The participant refuses to participate in violation of an agreement made during the imposition of money management services sanctions.

(c) The sanctions provided for in subdivision (b) shall not apply to an individual voluntarily participating in the program. If such an individual engages in conduct which would bring about the imposition of sanctions provided for in subdivision (b), except for his or her status as a voluntary program participant, the individual shall be precluded from participating in the program for a period of six months.

11320.65. Except as specified in this section, whenever a participant believes that any program requirement or assignment in this program is in violation of his or her contract or is inconsistent with this article, the participant may invoke the formal grievance procedure, which shall be conducted in accordance with Section 5302 of the Unemployment Insurance Code, request a fair hearing pursuant to Chapter 7 (commencing with Section 10950) of Part 2, or utilize a formal grievance procedure to be established by the county board of supervisors, and to be specified in the plan developed by each county pursuant to Section 11320.2. If the participant is not satisfied with the outcome of the grievance procedure, he or she may appeal the decision in accordance with the procedures set forth in Chapter 7 (commencing with Section 10950) of Part 2. Participants shall be subject to sanctions pending the outcome of the formal grievance procedure or any subsequent appeal, only if they fail to participate during the period the grievance procedure is being processed. A participant shall not, however, utilize the grievance procedure to appeal the results of an assessment made pursuant to subdivisions (c) or (e) of Section 11320.5.

11320.7. No sanctions shall be applied for a failure or refusal to participate with good cause. Good cause for failure or refusal to participate in a program component to which a participant is assigned pursuant to subdivisions (b), (d), or (e) of Section 11320.5 shall include all of the following:

(a) An assignment, job referral, or job does not meet appropriate work and training criteria due to any of the following:

(1) The employment, offer of employment, activity or other training for employment discriminates in terms of age, sex, race, religion, ethnic origin, or physical or mental handicap.

(2) The employment or offer of employment, exceeds the daily or weekly hours of work customary to the occupation.

(3) The employment, offer of employment, activity, or other training for employment requires travel to and from the place of employment, activity, or other training and one's home that exceeds a total of two hours in round trip time, exclusive of the time necessary

(d) The individual is suffering a family crisis or changed individual family circumstance as evidenced, for example, by the death of a spouse, parent, or child or an illness of a spouse, parent, or child which requires the individual's immediate attention.

(e) Inclement weather or other act of nature precludes individual and other persons similarly situated from traveling to an activity.

(f) There is a breakdown in transportation arrangements with no ready access to alternate transportation.

(g) The individual needs any other necessary social service not specifically mentioned in his or her contract.

(h) An individual refuses to accept major medical services even if the refusal precludes participation in the program.

(i) Licensed or exempt child care is reasonably unavailable, or unavailable during the individual's hours of training or employment including commuting time, or arrangements for child care have broken down or have been interrupted. For purposes of this section, "reasonably" includes having at least two choices of child care arrangements. The choices of day care shall meet either licensing requirements or the criteria established pursuant to subdivision (i) of Section 11320.3. This exemption shall include the unavailability of suitable special needs child care for identified special needs children, including children with disabilities, chronic illnesses, or other special needs.

(j) An individual is engaged in employment or training that is consistent with the employability objectives of the program, and prior notification and approval from the worker has been received.

(k) At the discretion of the county, any other substantial and compelling reason other than those specified in this section.

(l) Net loss of income would occur pursuant to the conditions provided for in this subdivision, if an offer of employment which results in a net income of less than 100 percent of a person's grant and that was not agreed to or part of a participant's employment training contract is accepted. Net loss of income shall be deemed to occur when current income is greater than the postemployment income would be if the job offer were accepted. "Postemployment income" means any unearned income plus the gross earnings from the job offered, less all of the following: mandatory and legal deductions from the proposed salary, the cost to the participant of health insurance premiums offered by the prospective employer or if none is offered, the cost of purchasing health insurance coverage based on the competitive market rate, child care, transportation, and other mandatory work-related expenses, and the cash equivalent value of the difference between the assistance food stamps and the nonassistance food stamps for which the participant is eligible.

For purposes of computing the income disregards, the regional market rate for child care, transportation, and other mandatory work-related expenses shall be used. Regional market rates for child care shall be determined in accordance with the Alternative

Payment Program as provided for under Article 3 (commencing with Section 8220) of Chapter 2 of Part 6 of the Education Code.

11320.75. A participant under this article shall have all due process rights granted pursuant to Chapter 7 (commencing with Section 10950) of Part 2.

11320.8. All contracts between counties and providers of services under this article, including employers providing preemployment preparation, shall include specific performance criteria. Any such contract or agreement shall also include the provision of job placement by the education or service provider. These contracts shall provide for termination of the contract at the discretion of the county if the provider either: (1) violates the contract between the county and the participant provided by Section 11320.4, or (2) fails to meet the performance criteria specified in the contract.

11320.9. (a) The department shall seek any federal funds available for implementation of this article, including, but not limited to, funds available under Title IV of the federal Social Security Act (42 U.S.C. Sec. 601 et seq.) for the Work Incentive Demonstration Program, the Employment Search Program, and the Community Work Experience Program.

(b) The department shall seek any waiver from the Secretary of the United States Department of Health and Human Services which is necessary to implement this article.

SEC. 12. The State Department of Education shall report to the State Department of Social Services each quarter the number of children receiving, and the amount of expenditure for, child care services provided to persons served in the State Department of Education child care programs who are eligible for federal fund reimbursement for child care services under Article 3.2 (commencing with Section 11320) of Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions Code.

The State Department of Education shall enter into an interagency agreement for the purpose of transferring to the State Department of Social Services an amount from funds appropriated to the department equal to the amount spent on child care services for Greater Avenues for Independence eligible persons. Through the same interagency agreement, the State Department of Social Services shall reimburse, in a timely manner, to the State Department of Education the amount transferred including both federal and general funds.

It is the intent of the Legislature in authorizing this transfer of funds, that the State Department of Social Services utilize this transfer to maximize the use of federal funds for child care services. The State Department of Social Services shall enter into an interagency agreement with the State Department of Education to fully reimburse the amount of the transfer, regardless of the level of federal matching funds. The State Department of Education shall be held harmless from incurring a deficiency resulting from this

transfer.

SEC. 13. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, emergency regulations adopted within 120 days of the enactment of this act in order to implement this act shall not be subject to the review and approval of the Office of Administrative Law. The regulations shall not remain in effect more than 120 days unless the adopting agency complies with all the provisions of Chapter 3.5 as required by subdivision (e) of Section 11346.1 of the Government Code.

SEC. 14. (a) In order to implement this act the following augmentations are provided to the State Department of Social Services for the purposes of implementing this act, including reimbursements to counties for costs mandated by the state pursuant to this act.

For the 1985-86 fiscal year, the sum of fifteen million eight hundred thousand dollars (\$15,800,000) is hereby appropriated to the State Department of Social Services, as follows:

(1) The sum of seven million nine hundred thousand dollars (\$7,900,000) from the General Fund.

(2) The sum of seven million nine hundred thousand dollars (\$7,900,000) from the Federal Trust Fund.

(b) For the 1985-86 fiscal year, the sum of two hundred thousand dollars (\$200,000) is hereby appropriated from the General Fund to the State Department of Education for the Resource and Referral Program to support the activities required by this act. When allocating these funds, the department shall consult with the State Department of Social Services to ensure that priority for funding is given to resource and referral agencies in counties that are implementing, or planning to implement, the Greater Avenues of Independence Act.

(c) For fiscal year 1985-86, there shall be transferred from Item 6100-196-001 to the State Department of Social Services the sum required for the purpose of maximizing federal funds for child care services. The State Department of Social Services shall enter into an interagency agreement to fully reimburse the State Department of Education in a timely manner for the amount of any transfer. The State Department of Education shall be held harmless from any deficiency resulting from this transfer. The Department of Finance shall report any transfers to the Joint Legislative Budget Committee and the respective fiscal committees pursuant to Section 28 of the 1985 Budget Act.

SEC. 14.5. Except as specifically provided in this act, appropriations for purposes of this act for subsequent fiscal years shall be made annually through the Budget Act.

SEC. 15. Notwithstanding any other provision of law to the contrary, the sum of two million dollars (\$2,000,000) is hereby reappropriated from Item 6100-156-001 of the Budget Act of 1985 to

the Superintendent of Public Instruction for the purposes of Section 33117.5 of the Education Code.

SEC. 15.5. In order to encourage school districts to educate and train welfare recipients under the provisions of Section 33117.5 of the Education Code, as added by this act, the sum of one million dollars (\$1,000,000) is appropriated from the General Fund as a one-time augmentation to appropriations contained in the Budget Act of 1985 as follows:

(a) Budget Item 6100-102-001: the sum of five hundred thousand dollars (\$500,000).

(b) Budget Item 6100-156-001: the sum of five hundred thousand dollars (\$500,000).

These additional funds shall be available only upon a determination by the Superintendent of Public Instruction that the amounts appropriated for budget Items 6100-102-001 and 6100-156-001 by the Budget Act of 1985 have been fully utilized.

SEC. 16. It is the intent of the Legislature that the annual Budget Act provide an amount equal to one-half of the amount provided from Job Training Partnership Act funds for the purposes of Section 33117.5 of the Education Code from each of Items 6100-102-001 and 6100-156-001.

SEC. 17. This act shall become operative only if SB 303 is enacted during the 1985 portion of the 1985-86 Regular Session.

SEC. 18. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

The program provided for in this act will materially assist applicants for, and recipients of, aid to families with dependent children to obtain employment thereby reducing dependency on public assistance and any delay in implementation would result in the further denial of this needed assistance to applicants and recipients. Furthermore, in order to ensure that this state has the opportunity to implement the program provided for in this act as part of the three-year Work Incentive Demonstration Program, which is currently being implemented in pilot counties and will be implemented in all WIN counties effective July 1, 1985, it is necessary that this act go into immediate effect.

SUPPORTED WORK:

A PRACTICAL GUIDE FOR
PLANNERS AND OPERATORS

Manpower Demonstration
Research Corporation

December 1981

This practical guide was prepared by MDRC staff as part of its responsibility to carry out and evaluate a National Supported Work Demonstration under the following grants or contracts:

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The points of view or opinions stated in this document are not intended to represent the official position or policy of the supporting funding agencies.

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CHAPTER I

INTRODUCTION AND OVERVIEW

Supported work is a program designed to impart good work habits and experience to the hard-core unemployed, thus easing the transition to jobs in the regular labor market. Supported work, unlike most other employment or social service programs, was operated for five years as a national demonstration and evaluated under an experimental research design.¹ The demonstration was managed by the Manpower Demonstration Research Corporation (MDRC), and this manual represents a summary of some of the most useful lessons derived by MDRC staff from the management and operation of the supported work demonstration.

The National Supported Work Demonstration began operations in early 1975 at 13 locations across the United States. Its purpose was to determine the cost-benefit and impact of supported work on the long-term employability, earnings, welfare status, criminal and drug activity of four groups of people who represent a substantial core of what is often called "the underclass:" former drug addicts, ex-offenders, long-term AFDC recipients, and drop-out, delinquent youths. Because supported work was to be a highly structured research project involving the random selection of participants into control and experimental groups, eligibility requirements for each group were carefully defined and enforced to ensure that each individual entering supported work had little or no

¹ See MDRC Board of Directors, Summary and Findings of the National Supported Work Demonstration (1980) for a comprehensive overview of the basic findings of this large-scale experiment.

previous employment experience and a personal history of institutional dependency or involvement that made it highly unlikely that he or she would ever become a stable member of the workforce by conventional means. As the demonstration progressed, local communities also utilized supported work for other populations -- primarily former alcoholics, recently-released mental patients and the mentally retarded -- and although these groups were not included in the original research sample, their in-program experience indicates that supported work may be appropriate for these and other groups as well.

By 1981 the demonstration had grown to include 21 programs located in 13 states. Three states -- Wisconsin, New Jersey and West Virginia -- had chosen, based on early demonstration experience, to expand supported work operations. Many of the 21 programs were noticeably unique in various respects. But each program could be characterized by a few fundamental features which together constitute a working definition of "supported work."

- A sole-purpose organization or distinct unit of a larger organization was responsible for employing the supported workers and developing and administering the various components of supported work. This organization or unit had a professional staff whose work was solely devoted to the supported work operation. It may have been a nonprofit corporation whose sole corporate purpose was the operation of supported work. Such an organization had its own board of directors, usually composed of persons representing local business, labor, community, governmental, banking and legal interests. Or, the program may have been lodged in a larger local organization,

such as a CETA office, Urban league, Spanish-Speaking Unity Council or Community Action Agency, where supported work was one of several programs being operated under one corporate umbrella. In this case, the supported work program was usually located separately from the overall agency and its other programs; it had its own director and staff, but did not have a distinct board of directors, and reported directly to the parent agency's director and board.

This operational "distinctness" insured program integrity and appropriate devotion of resources, pinpointed managerial responsibility and made it possible to capture all program costs in accounting for the program's cost-benefit ratio.

- The supported work programs each employed from 80 to 500 participants, although demonstration experience was that few sites had the resources and management skills to operate programs of over 200 participants. Individual program size during the national demonstration averaged about 125 participants.

The vast majority of programs chose to employ two or more of the specified target groups rather than concentrate on one specific group so that their efforts could be concentrated on the various worksites they operated, and the common work-related problems these groups have, rather than become overly identified and involved with problems unique to one target group.

- The worksites at any individual program -- and there usually were between five and fifteen -- ranged from painting the interior of local YMCA buildings, renovating a house acquired from HUD, delivering school lunches under a Department of Agriculture program

and microfilming public documents to building and operating a day care center, winterizing homes for the elderly, producing furniture and processing claims for an insurance company. The worksites at each program reflect the needs and opportunities of each community. The vast majority involved entry-level skills, and what skills training there was would be in the main done on the job. The common bond of these various worksites was that with few exceptions each employed a crew of supported workers, i.e., 4-10 participants working and supervised as a unit. There was usually one professional supervisor for each crew of workers.

Most of the worksites were revenue-producing, i.e., they produced goods or services under contract to a public or private agency, and the program received payment for those services or goods. A program covered between 15 and 35 percent of its total expenses by such revenues. This revenue-producing aspect of supported work was important not only because it reduced the need for public funds but also because it ensured, in the minds of both staff and participants, that the work was "real."

The physical location of supported work, particularly of the larger programs, would most likely be a warehouse or factory where in-house worksites were developed and operated.

• Participants remained in the supported work program for a maximum of 12 months. During that stay participants were viewed as employees, who could be suspended, fired or docked in pay for the violation of established policies. The requirements for employment in supported work, both in terms of productivity and disciplined

attention to rules and regulations, were gradually increased over a worker's stay in the supported work program. Most workers started out at a less demanding job in terms of complexity, productivity and judgment requirements, and upon satisfactory performance and tenure usually had the opportunity to transfer to more challenging work. Many programs tried to make a new employee's first job assignment at a worksite in the program's physical headquarters, and only later, after proven performance, was a worker sent out on a crew which works at a public or customer facility.

If the supported worker met the gradually increasing standards of punctuality, attendance and productivity, he or she could expect to receive a small weekly or monthly bonus and a modest hike in hourly rate every three months or so. The standards got tougher and the periods between bonuses and wage raises got slightly longer as a worker's time in the program increased. By the time the worker was ready to leave supported work for a regular job, these special incentives were no longer a significant feature of his or her supported work experience.

- Throughout a supported worker's employment he or she had available various other forms of support, depending on the local program's resources and operating philosophy and the degree of involvement of the participant's referring agency. Some programs offered on-site counseling for work-related problems; on-site GED and driver's license courses; and referrals to counseling and other kinds of assistance located throughout the community. But the program's focus was on the work itself. The competent operation of

a multi-worksite supported work program absorbed the vast majority of program resources, and kept the attention of staff and workers on doing a limited number of specific tasks well during their stay at the supported work program. Less than 5 percent of the demonstration's operating expenses was attributable to providing ancillary services, and paying participants' time for utilizing them.

- At some point anywhere from 3 to 9 months in a supported worker's program stay he or she began to receive job readiness training on a regular basis, while still spending 30-35 hours per week at a worksite. How to make out resumes, mock job interviews, what are employer expectations in the industries the worker was most interested in, what industries should an individual worker focus on, etc., were all part of this training. The supported work program had staff able to assist the employee to obtain interviews with private or public employers. Somewhere between 35-60 percent of the program's participants, depending on the target group, would transition to non-supported work jobs. The others would resign or be fired. Supported work hired persons with little or no previous employment success, and had a noticeable impact on many, and none on many others.

- The local CETA agency covered about a third of total program costs from formula-funded CETA Titles. Another 25 percent came from worksite revenues, and another third from national DOL funding to cover management, administration and worksite expenses not normally covered by formula-funded titles. The remaining 8 or 9 percent came from other local sources, such as Community Development or LEAA

funds, and, if the program employed AFDC recipients, from welfare diversion monies. A program with AFDC recipients would have about 40 percent of AFDC wages covered by the diversion of welfare payments into the wage pool.

The program cost about \$6,500 per participant in public funds, and 70 percent of that went toward workers' wages, fringe benefits and bonuses.

* * *

This manual sets forth in the following chapters a more detailed exposition of the various programmatic strategies and techniques that characterized the operation of supported work during the national demonstration. There are several areas this manual does not cover, however, which are equally important to the effective development and operation of supported work. One is sound management. There are numerous courses and books which teach the basics in sound management, and this manual does not attempt to replicate them. In overseeing the national demonstration MDRC tried to ensure that experienced managers were hired to run the local supported work programs. When programs did not reach their goals and were not well-managed MDRC worked with the local boards of directors to replace top management. If this was not feasible, or did not produce better results, the programs were closed down. Local boards of directors and funding agencies will have to be willing to play this kind of active oversight role to ensure that their supported work programs are well-managed.

Second, this manual does not document, for reasons of space, the management information and fiscal reporting systems which MDRC designed and required at all the demonstration sites. These systems are critical if managers, boards of directors and local funding agencies are to have reliable data on which to base decisions regarding strategy, key personnel and goals.

CHAPTER II

PROGRAM ELEMENTS

Each supported work program is structured to provide certain basic elements: peer support, close supervision and graduated stress. These elements lie at the heart of the supported work concept, and enable participants to become gradually accustomed to work as an ordering of activities that is progressively demanding and rewarding, socially supportive, and carefully supervised, in short, they make success possible.

Peer Support

Peer support is achieved primarily by having participants work in groups or crews of 4-10 participants. Inherent in the concept of peer support is the notion that newly-employed supported workers will feel more comfortable if placed in work situations with people who have had similar experiences and difficulties with the regular labor market. Assigned to crews made up of peers, a new supported worker is less likely to be distracted from work because of concern about being the only ex-addict, ex-offender or welfare recipient at the job site.

Whether or not to mix target groups in the same work crew -- particularly youths and AFDC participants with ex-addicts and ex-offenders -- troubled the demonstration planners at first, but it was decided to issue no prescriptive guidelines on the subject, and instead let local program decisions and experience indicate what, if any, problems would arise from such a practice, and whether or not guidelines should be issued. Local practice was, as might be expected, mixed -- a few programs initially

tried to avoid mixing target groups, while most disregarded such labels in assigning participants to crews.

Experience has also been mixed. The risks involved with the single target group crews were that rather than creating an atmosphere in which it was possible for participants to break old patterns and to develop new, more positive ways, it might do the opposite by reinforcing an identification with a specific kind of behavior. The potential problems of these "one target group" crews can be eased by initially intensifying supervisory resources at the worksite and, particularly for youths, enriching the program with more ancillary services such as counseling -- a combination of remedies a cost-conscious program will find difficult to implement on a large scale.

Most programs prefer mixed target groups, judging that it prevents the program from being tagged by its own staff and participants, and the local community, as a "one-group" rather than a "work" program. It forces participants to focus on their work-oriented problems, habits and skills, since in mixed crews, work -- not a background of addiction or incarceration -- is the common denominator. The one all AFDC program in the demonstration was an exception, and experienced few worksite operation problems.

Although MDRC refrained from establishing rigid guidelines on crew composition, the consensus among program operators is that the optimal crew size is between four and ten persons, with the national demonstration average for crews being five members. Not only does this size seem most conducive to the workers' sense that they are in a distinct work unit; it also represents the number of participants that can

be most efficiently managed by one supervisor.

In addition to rural conditions there are two primary reasons justifying crews that do not fall within the preferred range: first, occasionally the needs or capabilities of a worker are more effective in an individual placement than crew work. For instance, several of the programs employ persons with histories of chronic mental illness. A few of these participants are simply not able to function in situations with much interpersonal dealing, and are best placed, at least initially, either in crews with a minimum of work interdependence or in individual work situations. Second, some programs use single-placement, non-crew worksites as the last step for a participant ready to move from the program into permanent, non-subsidized employment. These workers, after several months of successful participation in a supported work crew can often benefit from an individual worksite placement to add to their confidence that they can succeed at work without the social support of their crew.

In both cases, the other supported work elements are adjusted to ensure that the proper supports are provided. This is usually accomplished by having a roving supervisor who moves from site to site, setting goals, monitoring performance and providing reinforcement in conjunction with the employer's supervisory personnel. It is, however, the employer or host who actually has more regular, intensive contact with the supported worker.

For example, a supported work program might decide to operate a worksite that has unique advantages -- e.g., training in a field with unusual transition opportunities, high revenues, an opening into a major

area of the private sector -- but whose manpower needs do not fit the preferred crew size. One demonstration program developed a commitment of 77 job slots at a large local medical college. These slots included clerical, maintenance, lab assistant, groundskeeping, carpentry, and shipping/receiving positions, and were often either individual placements in a college department or, even if several were in the same department, were not planned as crew work. The college reimbursed the supported work program for each slot -- thus it was a revenue-producing worksite -- and also indicated that the rollover potential would be high.

The worksite, although tempting, was not, as offered, supported work, so program operators took several steps. They established liaison supervisors, whose sole job was to work with the college supervisors and the participants to ensure that the graduated stress and intense supervision elements would be implemented. The supervisors worked with the various departments to ensure that wherever possible, crews were established. They set up small, weekly group meetings for participants to discuss their work experience and any problems they were having. They processed transfers to "regular" supported work crews when a participant became dissatisfied with the college experience. Supported work program management regularly evaluated the attendance, productivity, transition and retention rates of the college worksite participants in comparison to supported workers in more conventional supported worksites. And supported work applicants were carefully screened so that those with the skimpiest prior work experience or most troublesome personal problems were not assigned to the college worksite. The program devoted considerable management and supervisory time and imagination to making this

attractive worksite amenable to some structured crew support.

Generally, however, peer support is best accomplished by work in crews, and, when possible, stable crews. Research interviews with supported work participants indicate that those who were transferred very often from worksite to worksite to meet emergency program workforce needs were generally critical of their program experience. Minimizing such management-directed transfers is a function of effective worksite and personnel planning, although some instability is unavoidable. Table II-1 indicates the demonstration's attendance average for each of the target groups, and gives a manager some notion of the personnel surplus necessary to maintain worksite operations on schedule with a minimum of transfers. Some overenrollment is necessary because program operators must be able to guarantee adequate manpower for each project, and because normal absenteeism will predictably diminish a program's workforce. On the average, programs hired about 10 percent more participants than they had active full-time work slots. Doing this, however, requires the creation of a mechanism to provide work for any extra participants, to avoid the risk of workers sitting around with nothing to do. Some programs maintain one or two flexible crews that can absorb any extra workers as necessary.

Another method of stabilizing crews and utilizing peer support effectively has been to mix new supported workers with "veteran" crew members who can understand the problems of adjustment and provide positive support and leadership on the worksite. At its best, this happens naturally as empty slots at worksites are filled with new participants. Sometimes program managers will also attempt to place one proven worker

TABLE II-1

ATTENDANCE RATES (1980)

<u>TARGET GROUP</u>	
AFDC	88.8%
EX-OFFENDER	82.4%
EX-ADDICT	84.7%
YOUTH ¹	96.4%
OTHER	86.5%
<u>All Target Groups</u>	88.4%

¹ Youth figures includes youths enrolled in the variation program.

in every new worksite. This is usually useful only when the proven worker will voluntarily make the worksite transfer.

Often these already successful participants are named "crew chiefs," and take over various administrative duties (e.g., ordering and obtaining supplies, keeping inventory, maintaining timecards) and occasionally supervision and teaching of the work itself. Crew chiefs are paid 10 percent more than regular supported workers. They are intended to be role models and motivators for other supported workers. However, the naming of crew chiefs from participants must be approached conservatively, as the vast majority of demonstration programs will attest. Many times successful supported workers, whose work habits are exemplary and personalities stabilizing in a crew setting, have no management, leadership or administrative skills, and do not work out well as crew chiefs. Sometimes their technical work skills do not equal those of less dependable workers, and thus their credibility to supervise is undermined. Not infrequently, a participant named crew chief exercises excessive authority over other workers; also, several of the target groups have by definition, considerable difficulty in maintaining stable authority relationships, and this can include being in a position of authority.

The vast majority of supported work programs utilize the "crew chief" not as a regular part of every worksite's structure, but as a special device for worksites which have a clearly definable need for such a role, and then only when a supported worker with the proper combination of skills, work habits and leadership emerges. Objective criteria, such as attendance and punctuality, are not sufficient standards for the naming of crew chiefs. Most programs require higher than ordinary

attendance and punctuality performance to be eligible for a crew chief position; in addition to these, supervisory ratings in leadership, cooperativeness, initiative and other such performance categories are used to determine actual selection.

In cases where supported workers are scattered throughout a given worksite -- at the medical center described earlier, for instance -- regular meetings are held with the supervisor to review performance, set production goals, or, when necessary, to air grievances. These meetings serve to create an atmosphere of mutual support and guidance by drawing together as a crew persons who, although not situated in close proximity at the workplace, share a common employment experience.

Peer support can also be implemented in ways unrelated to worksite operations. Several programs hold events where successful graduates return to discuss with current participants their jobs after supported work. Graduates can be used as ongoing contributors to job readiness classes. Some programs use successful participants as intake interviewers, and as contributors to orientation sessions.

The key to useful peer support, as one program director stated, is that it "makes the participant less uptight, not feel isolated by a label, not fail from anxiety." But it is a program device that can backfire if not carefully monitored and supervised. The bad apple theory has its basis in life and in supported work. Only a good supervisor, knowledgeable not only of the work process and product, but also of the personalities, relationships, and dynamics of his or her worksite, can minimize its consequences.

Supervision

One thing that all parties to supported work program operations -- participants, program staff and MDRC program monitors -- agree, is that the worksite supervisor plays the major role in a participant's supported work experience. Supervisors are responsible for the transfer and development of technical skills; for instilling positive work habits and attitudes; for planning work operations and schedules in light of the deficiencies and needs of the participants; for providing counseling regarding work-related problems; for judging when a participant should be transferred, fired, pushed for greater productivity and encouraged to begin looking for a regular job. It is one of the most difficult and demanding jobs in a supported work organization because it carries the day-to-day stress of all the program's goals -- work habits, work production, and human development. These goals are central to supported work, and yet seldom are they easily compatible. The work habit and production goals are related to customer contracts, their timetables and deadlines, and to the supported work organization's need for reasonable performance standards. These considerations help ensure that supported work remains a work program, with expectations and standards in general accord with those of non-supported jobs. The human development goals of supported work relate to the condition of each individual participant, and require flexibility and sensitivity. The skill with which a supervisor implements these sometimes conflicting goals is probably the holy grail of supported work.

Because of the difficulty of this role, most worksites are program-controlled. Thus the supported work program hires and trains its own

supervisors. Even so, most programs have found it an ongoing problem to select appropriate supervisors. Some programs initially tried to focus on hiring supervisors with strong human development skills and experience in dealing with the target groups; others focused on hiring those with high technical skills. After some experience, most programs decided that appropriate technical skills were a threshold requirement that could not be compromised; the supported work program could take as a training responsibility the transfer of skills in relating to and handling supported workers, but it could not begin a worksite without confidence that the supervisor had sufficient previous training and experience to handle all technical and production aspects of the worksite. The participants enter supported work expecting it to be a work experience, and many programs learned that the quickest way to undermine the program's credibility and authority was to provide an inadequately experienced supervisor.

In some respects this seems an obvious point, hardly worth making. However, some of the supported workers exhibit behavioral quirks that often overshadow the work itself, and can easily lead an intelligent and sensitive observer to the conclusion that unless a supervisor has had experience in dealing with these populations he or she will never be able to get on to the work itself. The key problem with this approach is that it tends to overfocus the supervisor's attention on individual participant problems and lets those problems, rather than work, define the nature of the supported work program. Performance of the work inevitably suffers, although it is easy to believe that this is a short-run result that will turn around as soon as the behavioral or personality problems

are adequately dealt with. Demonstration experience has been that this rarely occurs. More often the result is to lower performance expectations, underemphasize quality of work requirements, expend a disproportionate amount of supervisory resources on the most difficult individuals, and lose the interest of those who came in motivated to work and learn. This last point cannot be overemphasized: the motivated, successful supported worker needs as much supervisory attention and oversight as his or her less motivated counterpart. The positive attitude and success shown at supported work is not grounded in a lifetime of successful work experience, but is rather more often the result of a recent decision and experience. It is the supervisor's job to help develop and corroborate such positive attitudes. This demands an ability to set standards and enforce them, and does not allow the participant with the most disruptive and least productive behavior to set the tone of the program. It requires a supervisor who is interested in the people, but at least equally interested in the work itself. It demands a certain maturity and restraint, since the supervisor may be tempted daily with messianic visions and possibilities, and daily must focus instead on how well his or her crew is plastering the wall.

Such a difficult role has obviously generated considerable effort in selection and training at the program level. This effort has led to no easy answers, but has provided some interesting insights.

- Though it is important that a supervisor be interested in the worksite itself and have the necessary skills, it is equally important that he or she not see supported work as primarily an arena to further his or her own skills. It will not be; it is largely a place to transmit

experience and skills to others. Many programs try to find older or retired craftspeople as supervisors, finding them to be less interested in furthering their own skills than in teaching others.

- Some past supervisory experience is unquestionably helpful, since only that experience can provide the instincts to guide such considerations as how much to expect from a given individual, how to go about motivating different individuals, when to keep expending supervisory time on an individual and when to devote it elsewhere. One out of four supported workers will be fired, and an effective supervisor must know how to provide ample opportunity for a worker to correct his or her problems, without allowing those problems to dominate the worksite and deteriorate the performance and attitudes of others, and when to suspend, recommend ancillary services or termination¹. Again, older, experienced supervisors are often sought. They usually bring with them a maturity that helps them avoid the messianic role.

- Although it is not necessary that a supervisor be able to use street or prison jargon, or have had previous direct experience with the target groups, it is critical that the supervisor be aware that supported workers, whatever the target group, have largely never had successful job experiences -- and many have had no previous job experience at all. This means for most of them the various rules of the workplace -- which seem commonplace to experienced workers -- need to be articulated clearly and probably more than once. The instilling of proper work habits and behavior -- one of the goals of supported work -- rests largely with the supervisor. For example, rules about attendance, timeliness, calling in

¹ See Table II-2 for termination rates of various target groups.

VOLUME AND PERCENTAGE DISTRIBUTION OF TYPES OF DEPARTURES
FROM 22 SUPPORTED WORK PROGRAMS, BY TARGET GROUP
DURING 1980

Target Group	Total Departures ^a	Percentage Distribution by Type of Departures									
		Positive Departures			Negative Departures			Neutral Departures ^d			
		To School	To A Job ^b	Total	Fired	Other ^c	Total	Mand. Grad.	Other	Total	Total
AFDC	845	3.5	41.7	45.2	13.3	5.8	19.1	9.0	26.7	35.7	100.0
Ex-Offender	1073	3.4	31.5	34.9	26.6	13.4	40.0	2.8	22.3	25.1	100.0
Ex-Addict	191	2.1	36.2	38.3	21.5	9.9	31.4	5.7	24.6	30.3	100.0
Youth ^e	827	6.5	28.8	35.3	31.1	6.2	37.3	4.4	23.0	27.4	100.
Other ^f	459	6.5	39.0	45.5	20.0	5.6	25.6	4.6	24.6	29.2	100.0
ALL GROUPS	3395	4.5	34.7	39.2	23.2	8.7	31.9	4.9	24.0	28.9	100.0

SOURCE: Tabulations of status activity in the Supported Work Management Information System.

NOTES: The data cover all participant departures from the 22 Supported Work programs during the period from January 1, 1980 through December 31, 1980.

Percentage distributions may not add exactly to 100.0 because of rounding.

^aTotal Departures include departures for which the reason specified was "Other", with a written description included.

^bPositive departures to a job include both subsidized and unsubsidized placements. For 1980 unsubsidized placements accounted for 2.6% of the 34.6%.

^cOther Negative Departures include incarcerations, re-institutionalizations, and resignations due to dissatisfaction with the supported work job.

^dNeutral Departures include such things as death and resignations for reasons of personal or family health problems.

^eYouth figures include the youth enrolled in the Youth Variation program in Atlanta, Philadelphia, Oakland and Trenton.

^fThe Other target group includes Ex-Alcoholics, Mentally Disabled employees, former CETA workers, Young Adults and General Assistant Recipients.

sick, and the like, are often not fully comprehended by participants or, even if comprehended, not immediately translated into behavior. The supervisor's role includes frequent calling attention to infractions of these rules and clear delineation of their consequences. Many participants, particularly in the ex-addict, ex-offender and youth categories, have previously experienced various kinds of programs and believe that rules will be bent or not enforced because of their prior history or current problems. The supervisor determines how the participant views the program's requirements.

However, this does not mean that a frequent setting forth of the rules, and rigid adherence to them, will produce a good worksite. It is in the area of dealing with participants' lack of successful job experience that a program and supervisor can utilize some creativity. Individuals do require variation in the way they are dealt with, and this can be done without creating different rules for each participant or delving too deeply into individual lives. For example, occasionally supervisors will have workers who are productive, apparently sincere, non-disruptive at the worksite but simply never get in on time and are approaching termination because of it. Some supervisors keep a list of such individuals and will for several mornings call them to remind them to come to work. Obviously this cannot become a regular part of the supervisor's job, but done selectively, it can produce the desired results. A surprising number of supported workers interviewed indicated a supervisor's attention to their early program behavior, insistent but concerned, aided them considerably in improving their performance.

Some supervisors involve their crew members in the setting and

evaluation of production goals. To implement such a plan is time consuming, and requires strong worksite supervision and leadership. However, the program staff who have utilized this technique feel that its value is tremendous, particularly in low skill worksites, since it involves the workers in the worksite to a greater degree, and thereby produces better performance and increased peer pressure.

Many supervisors make sure that they communicate to each worker, but particularly new workers, every Friday regarding the positive and negative aspects of the worker's performance during that week. This not only indicates that the supervisor is paying attention, but it also helps accustom inexperienced workers to picking up unspoken cues about their performance which experienced workers pick up and act on almost as a matter of instinct.

Possible techniques are infinite, and some are so subtle and individualized that to relate them in a manual, without context, renders them meaningless. They constitute the creative part of any supervisor's job.

Because of the supervisors' critical role, and the stress and conflicting demands of the job, program management, including the program director, must play an active role in involving themselves with the supervisors and in finding tools to increase their performance and evaluate their effectiveness. Professional training sessions, regular in-program meetings with supervisors, visits to worksites by management staff all play a role in keeping supervisors and management in close communication. Developing special information reports which allow management to evaluate supervisors by the attendance, punctuality, productivity and transition rates of their crew members are essential if

supervisors are to be properly evaluated.

The above discussion relates primarily to supervisors who are hired and controlled by the supported work program. However, in cases where an outstation worksite is developed -- e.g., the medical college mentioned in the previous section of this chapter -- program management must exercise caution, investigation and special techniques to ensure that it is administered as supported work. Some techniques successfully utilized are:

- Many programs only outstation workers who have performed successfully at a program-controlled worksite for at least three months. In this way outstationed workers are actually those in a more advanced stage of their supported work experience, and thus will not pose the behavioral problems to client supervision that a beginning crew of supported workers would.
- Orientation sessions for client supervisors on supported work program goals and techniques are essential.
- Some client agencies are willing to take a supported work supervisor, train him or her in the work and procedures of the agency, and let the program supervise the crew. This technique is often possible when the work to be performed is physically separate, and must be done on client premises only because of equipment, material, production or space requirements.
- Some client agencies are willing to let supported work staff break down the work tasks, i.e., restructure the work so that it better fits the needs of the supported work crew without sacrificing the productivity requirements of the client agency.

- Each client-supervised worksite must have a program liaison who regularly visits the worksite, talks to the supervisor and workers, provides any required ancillary services or referrals thereto, and monitors the operations of the worksite and the attendance, punctuality, transfers, terminations and productivity of the workers. Monitoring these indicators will expose those worksites where some form of intervention may be necessary.

The importance of the supervisor's role in supported work cannot be overstressed. Neither can it be conveniently packaged; nor will it ever be trouble-free. The development and creative implementation of that role is one of program management's primary tasks.

Graduated Stress

The application of graduated stress techniques enables supported work participants to adjust, by degrees, to the demands and pressures of a steady job. Most supported work participants have been out of the labor market for extended periods of time and in many instances, have never worked at all. Very few come to supported work with well-formulated work habits or realistic notions about what may be expected of them on the job. Graduated stress attempts to bridge the gap, over the course of the individual's stay in supported work, between his or her actual job performance and the performance a regular job requires.

In a sense, graduated stress is no different than what any employer does with a new employee: a gradual build-up of performance requirements over time. However, given the often severe employment handicaps that supported workers bring to the job, a supported work program must structure graduated stress into the experience to a far greater degree than a

regular job experience would require. The demonstration has developed a number of techniques for doing so:

- Graduated Attendance and Punctuality Requirements

By definition, supported work target groups have demonstrated an inability to cope with the time and lifestyle constraints of a five day, eight-hour per day job. The regularized attendance and punctuality requirements are particularly difficult to maintain. Most programs graduate those requirements, so that as program stay increases, less absences and tardiness are tolerated; usually by the fifth or sixth month of program participation, standards are equivalent to those of non-supported jobs. Except for allowable holidays, vacation and sick leave, pay is never given for unexcused absences or latenesses. A fairly typical set of program policies regarding lateness and absence follows this chapter.

The danger of this technique is setting initial standards too low. To some extent the maxim "performance never exceeds expectations" is true. As discussed below, wage and bonus systems can be designed to help counteract this phenomenon.

- Graduated Wage Levels

The starting wage of a supported worker is either at or slightly above the federal minimum wage. Over the course of a participant's stay in supported work, he or she is eligible for several wage raises, usually at increasing intervals of time. The purpose behind these regularly scheduled increases is to provide some wage reward relatively quickly, for any supported worker whose performance meets the increasingly strict performance standards. Most

jobs do not do this so quickly or frequently, and for that reason, the length of time between wage increases lengthens over the program stay so that by the time of transition, the supported worker will not be anticipating a wage increase every four or eight weeks.

- Graduated Bonus Systems

A sample of a bonus system employed by one program follows. Some sites tie bonuses strictly to objective standards of attendance and punctuality; others utilize broader, less quantifiable standards of performance. All bonus systems are graduated in terms of lengths of time between bonuses.

One demonstration program employs in its bonus system what it calls a "step system." It consists of four levels that begin with a participant's initial employment and progresses to a state of job readiness. At each level, a participant is evaluated on a rating system that requires him or her to earn points in 12 different categories that encompass the worker's ability to function as a team member, the quantity of work produced, etc. A satisfactory score determines whether the participant will earn a bonus or advance to a higher level. Each of the 12 categories is broken down into progress steps that are rated on a 0-4 scale. Participants who consistently score in the zero range are deemed unsuitable for supported work and ultimately terminated from the program.

Program supervisors evaluate all reasons for lateness and decide whether they should be excused or unexcused and whether the participant will be suspended or terminated. Several of the programs feel that whatever the bonus triggers are, no more than 30-50

percent of the workforce should be receiving bonuses or the money loses its "bonus effect" and becomes an expected wage supplement.

Research on the demonstration did not systematically examine the impact of bonuses on participant performance, so there is no definite way to know their importance. Those programs that take an active approach to their bonus system judge it has value: they record a participant's progress toward their next bonus on their paychecks, in regular performance reviews or in posted lists. Some make it a savings bonus and regularly report to workers the amount of bonus plus interest in savings they have accrued.

Whatever the technique, it is important to implement a bonus system so that the monetary reward, even if not large, is noticed, because any use a small bonus system has probably lies in its implementation.

- Graduated Job Assignments

The intent of this technique is to assign workers to supported work jobs in a sequence which is progressively challenging in terms of skill, production pressure or autonomy and initiative. In practice it is difficult to implement except in relatively limited and modest ways. The worksites a program actually creates, the preferences of workers, the actual slots open at a worksite at any given time, and the need for crew stability all pose obstacles to implementing any grand design for graduated job assignments. Such designs will in all likelihood result in building up staff and participant expectations and then letting them down.

However, the idea is sound, and there are several techniques

which have been implemented at demonstration sites. Several programs have developed one or two worksites for up to 20 workers or so, usually involving packaging or assembly-line type work that is done on supported work program premises as revenue-producing sub-contracts with a client agency or business. The work at these sites requires quantifiable production goals and careful quality control. The programs inform new participants that they will be evaluated at this worksite for one to three months, and then placed in a more desirable worksite. Since the work is quantifiable, individual or crew productivity bonuses are appropriate and probably useful. The basic problems with this approach, if pursued rigidly, are that it takes no account of either worker preference, maturity or skills or current program workforce needs, and therefore is neither very inspiring to many workers nor practical for workforce allocation. Thus, it is best not set up as a rigid procedure. Such worksites, though, are valuable for their high degree of control and structure, and many programs try to develop them for workers not performing adequately on less structured worksites, and filling in other available slots with new workers.

Several programs have tried to develop all their worksites within several basic job clusters (clerical, construction, manufacturing, etc.). They get workers into their preferred cluster as soon as possible, and then, within the cluster, assign jobs so that a participant can progressively advance his or her skills. One program developed worksites in demolition, rehabilitation and construction, figuring the logical progression in skills is from

destruction to repair to building. That does not take into account the worker who gets continuing satisfaction from being paid to destroy, or the one who would rather refine his or her repair skills than learn how to build from scratch. The availability of real work slots in such crews is also not always consistent with the needs of the progression chart. Again, it is a worthwhile technique to plan for and develop, but its place in the program structure should not be oversold.

Most of the programs also use devices like trying to place only experienced workers at outstationed sites, at revenue-producing sites with tight production deadlines, worksites having relatively low supervisor/worker ratios or worksites requiring high degrees of worker initiative. These devices serve program control as well as graduated stress purposes, and, like the other techniques mentioned above, are best utilized not as rigid structures, but in light of individual and program workforce needs. The development and implementation of these devices requires ongoing communication between worksite supervisors and program management staff.

In short, the implementation of systematic graduated stress techniques can be accomplished through the personnel policies, wage, and bonus systems, using objective measures such as attendance, punctuality and in some cases other productivity measures. Program staff, through their worksite development, employee assessment and job assignment functions, must attempt to develop other graduated stress techniques like those mentioned above for use whenever possible. How well these optional techniques are implemented will, based on the observations of MDRC's

program monitoring staff, make a noticeable difference in the development of worker satisfaction and motivation, and will certainly reflect on in-program performance indicators like attendance, punctuality, terminations and resignations.

The implementation of peer support, close supervision and graduated stress, in most cases is neither automatic nor mechanical, and is faced, as the foregoing narrative indicates, with many practical obstacles. The communication required between key management staff and supervisors, both in the planning and implementation of these elements, is considerable. Yet both operators and program monitors agree that the effort put into their development results in better in-program performance. Those demonstration programs that focused their management and supervisory staff efforts on developing and improving these techniques produced noticeably better in-program participant performance. One program implemented the following combination of supported work techniques through its entire program: all its crews were from 4-10 workers; crew chiefs were selected from participants for 70 percent of the crews; each crew planned its own production, revenue and attendance goals; each Friday, all crews evaluated, with their supervisors, the week's performance; graduated individual wage and bonus systems, including the marking on all paychecks of an individual's progress towards the next increase or bonus; crew productivity bonuses; and a graduated job assignment approach which in most cases allowed only proven supported workers to work at those sites earning significant revenues or having complex and varied tasks. It took this program several years to fully develop and implement these systems, and for most of the demonstration, its in-program partici-

pant performance indicators were, in comparison to other sites, superior.

The effort and coordination required by the supported work elements are key reasons why supported work is difficult to implement in a single large program. Although there is no theoretical or design reason why a single supported work program cannot have a thousand participants, the effort required is substantial enough that a program of between 125-250 participants is more likely to maintain the focus and staff coordination required to implement the elements, than a larger one. The program singled out above, indicated early in the demonstration that it would not expand beyond 150 participants, regardless of available funding, until it had had several years to implement and test the various supported work techniques.

SAMPLE PROGRAM POLICIES

ABSENCES

All absences must be reported to the employee's supervisor or his designee. An absence will be considered unexcused when no notification is given and no legitimate excuse is ever produced. The supervisor will be responsible for assigning absences as excused or unexcused on the time sheet.

Excused Absences: Employees will be expected to be absent no more than 60 hours during their employment (covered by sick and personal leave). However, in extenuating circumstances this time may be extended with excused unpaid absence or the individual may be inactivated without penalty (See INACTIVATION).

Unexcused Absences: Any unexcused absence for an entire workday will be considered a serious offense to be dealt with as follows:

- 1) First Offense -- Supervisor gives verbal warning
- 2) Second Offense -- Supervisor issues written warning (copy to Career Counselor)
- 3) Third Offense -- Staff meeting will be held with the Supervisor, Counselor, Director of Personnel Services, and the Referral Agent when possible. Recommended action will include immediate termination or establishment of conditions whereby a further offense will result in automatic termination.
- 4) Upon the second consecutive unexcused absence the employee will be inactivated until further notice.

This policy shall apply only to employees past their Four Week Probationary Period. If 60 days or more have lapsed since the last offense, a subsequent absence may be considered a first offense in the above procedure.

Both excused and unexcused, paid and unpaid absences will affect progress in the Step System. A good attendance record is considered essential for advancing within the program and adjusting to the requirements of the world of competitive employment.

LATENESS

Employees will be expected to report to work on time. Since, however, there are occasions when an employee will be late, the following policy has been adopted:

- Lateness is defined as arriving for work any time after 8:00 a.m.
- An employee who is going to be late must contact his Supervisor or his designee by 8:15 a.m. and arrive by 8:30 a.m.
- Any absent hours due to lateness will be designated as unpaid hours on the time sheets according to these guidelines.

Calls in by 8:15 a.m. and arrives by 8:30 a.m.	"Excused" absence for time late
Fails to call in but arrives by 8:30 a.m.	"Unexcused" absence for time late
Fails to call in and/or arrive by 8:30 a.m.	"Unexcused" absence for entire day

- Any late time less than 15 minutes will be rounded up to 15 minutes docked (unpaid) time.
- In the event of personal emergencies, "excused" absences may be designated at the discretion of the Supervisor.

AMENDMENT TO LATENESS POLICY

Add:

Severe Weather. Employees calling in by 8:15 a.m. with car problems due to severe weather (-5° or below), may be excused unpaid until they make it in. Employees calling by 8:15 with no other means of transportation, may be excused for the rest of the day. Any employee who is absent for more than two consecutive work days for this reason, may be considered unexcused if he/she cannot demonstrate to the Supervisor that alternative means of transportation could not be found.

THE STEP SYSTEM

The Step System provides regular employee evaluations. This system is extremely helpful to the employee as it points out individual strengths and weaknesses, sets goals for personal progress, and provides incentives for improvement. It also aids the supervisors and career counselors in understanding each individual's employability needs and noting progress towards attainment of short-range goals.

Every evaluation period the supervisor, the career counselor, and the employee meet together. The supervisor rates the employee in 10 separate categories concerning job performance on the Employee Evaluation Form (see Appendix). The career counselor also evaluates the employee in two personal matters affecting job performance. Each evaluation category is then discussed with the employee -- progress is noted, problems discussed, and future goals set. The total score and any zero's are marked on the timesheets and later submitted to the Information Systems Coordinator to determine position in the Step System.

Wages are assigned according to the following rules and schedule. All employees entering the program start in Step 1 their second full week of work following Orientation. At Step 1 evaluations occur weekly; at Step 2, every 2 weeks; Step 3, every 3 weeks; and Step 4, every 4 weeks.

The following rules determine Step Status:

Rising in Step: Any employee who meets point and attendance requirements for two (2) evaluation periods in a row will go up to the next step.

Dropping Step: Employees will drop in Step for one of two reasons:

- i) An employee misses his evaluation points three evaluation periods in a row.
- ii) An employee is "recycled" for three weeks in a row.
- iii) Any combination of the above.

Recycling: If an employee's absences have disqualified him for a step increase before the evaluation period ends, he will automatically be "recycled" (i.e., start again in the next evaluation period).

Recycling occurs when:

- i) An employee is absent for more than 8 hours in an evaluation period (includes personal time, sick time, and excused absences).

or

- ii) An employee has any unexcused absences or suspensions.

Inactivated time does not count toward recycling.

BONUS REQUIREMENTS

Employee Evaluation Points

Step	Hourly Pay Rate	Evaluation Period	Number of Points on Evaluation Form Twice Consecutively To Advance	Excused Absenteeism of any kind	Unexcused Absence or Suspended Time
Step I	3.10	1 week	24 no zeros	Up to 8 hours in 1 week	None
	3.20 *				
	3.21 *				
Step II	3.24	2 weeks	32 no zeros	Up to 8 hours in 2 weeks	None
	3.34 *				
	3.35 *				
Step III	3.37	3 weeks	39 no zeros	Up to 8 hours in 3 weeks	None
	3.46 *				
	3.47 *				
Step IV	3.51	4 weeks	46 no zeros	Up to 8 hours in 4 weeks	None
	3.60 *				
	3.61 *				
Crew Chief Trainee	3.51	2 weeks	32 no zeros		
	3.60 *				
	3.61 *				
Full Crew Chief	3.63	4 weeks			
	3.73 *				
	3.74 *				

* After six months all employees receive a 3% longevity raise.

Effective Date: December 31, 1979

CHAPTER III

WORKSITES

A supported work program spends over 90 percent of its budget on worksite-related expenses. This allocation is critical, because it is through work that supported workers prove themselves, to program management, to the customers, and to themselves. Over the years, a wide variety of worksites have been implemented -- ranging from profit-making businesses owned and operated by supported work programs to public service jobs performed free of charge for the benefit of the local community -- and from these, certain lessons have emerged that should be useful to future supported work operators as they examine potential worksites. See Appendix I for worksite guidelines.

Paving the Way

Any small business requires careful pre-operational planning; supported work's workforce, its programmatic intents, and public funding only accentuate that requirement. Before the first worker is enrolled, an assessment of local conditions and needs should be conducted, to determine the most likely areas for worksite development; this initial investigation is usually done by an interested individual or institution. Later work can be best accomplished on an ongoing basis by an active, committed board of directors or advisory council (see Chapter V), which should be made responsible both for ensuring a steady flow of work and for the public relations effort within the community.

On behalf of worksite development, contact should be made and maintained in three broad areas: the business community, local govern-

ment and the unions. The board should arrange to meet with the Chamber of Commerce or a similar local organization serving as the backbone of business within a community, and a source of information and support for a growing program. The Chamber of Commerce can provide the program directors with statistics on local business: which industries are growing and which failing; they know whether the local market is basically satisfied by large outsiders buying into the community or by a collection of smaller ones; in some instances, such an organization might also help to identify areas of useful service not satisfied within the community. It can also predispose the community in favor of supported work.

On the other side of the business community are the unions. The board of directors of the new supported work corporation must evaluate the local union situation to determine what room, if any, there is for untrained workers, what cooperation, if any, there would be, and what support. Without at the very least acceptance of supported work by unions, a great many potential worksites are simply not feasible.

Worksite Planning

Beyond pre-operational planning activities, two additional kinds of worksite planning must be ongoing throughout the life of the program. The first of these is internal or programmatic, and concerns the overall concept of the job itself and the structuring of job tasks within that conceptual framework to make success possible. The other activity is an external or business planning, the actual process of job creation; the lining up of jobs often takes months to accomplish: complex negotiations on reimbursements or fees for services are sometimes required; equipment and supervisors must be in place; and some knowledge of the market must

be acquired.

However, keeping these two areas in mind, with the exception of certain highly skilled professions that require years of training or apprenticeship, almost no type of work experience can automatically be ruled out of bounds to supported work. The real question is why do some worksites meet with success while others do not? If the only type of work to be ruled out is that requiring a too-high level of skills, are there any indicators which might provide some clues in advance as to what worksites will or will not work?

Programmatic Planning. One important demonstration lesson proved to be that although at first glance the opposite might seem true, the degree to which supported workers are interested in the type of work they perform does not seem to be the key factor in the success or failure of a worksite. Of more importance are: measurable, visible results; community response to serve as positive feedback, the care with which the worksite is structured; and evidence that the program job will lead to future work. Thus, while such worksites as building an infant care center, running a restaurant or total building rehabilitation are flashier and perhaps more exciting because workers can see their product being used, operating a maintenance service in public buildings, parkway clean-up or painting can be equally meaningful because although the job itself may be tedious, improvement is visible and therefore satisfying. Jobs that do not have a visible product or process can be structured to define each day's tasks so the worker can measure his or her individual progress as the day goes on. This kind of internal, structural planning is crucial. Thus supported work jobs are not necessarily the most exciting work --

although some are -- but their importance lies not in excitement but in structuring the job to teach work habits and to give the workers the maximum opportunity to succeed rather than fail, as they have done so often.

Another lesson is that it is of primary importance that all work projects have a sufficient quantity of work to be performed. The supervisor or manager and the customer should work out a schedule in advance so that there is a steady flow of work. Alternative work should be planned for down-time, when equipment or machinery needs repair, or when inclement weather prevents an outdoor crew from doing its job, often a public service contract can be negotiated with a flexible schedule, and this can be used to fill in during these times.

If the work project is to reflect real employment conditions then the workers must have the tools and equipment necessary to do the job. This requires pre-planning, budgeting and a responsive program purchasing system. Provisions must be made for ongoing and emergency maintenance and repair of important machinery and equipment. Where possible an inventory of frequently needed machine parts should be kept so that repairs can be made immediately without waiting for a much needed piece to be sent from the manufacturer. Finally, experience has shown the need for a secure, limited-access storage place for program equipment and supplies. The program can seriously overrun its budget if it must continually replace tools and supplies, and insuring these items is also important.

Workers need to have the right attire for the job they perform. Some worksites, such as laboratories, construction sites or security

jobs, may require a uniform, coveralls, safety hats or boots. Workers doing jobs outdoors or in rainy or severe cold weather need boots, rain gear, gloves and the like. Proper attire should be regulated by the program management and can either be paid for by the program, by the workers themselves, or the costs shared by both through a payroll deduction plan.

In order to build the workers' pride in their job and develop good work habits there should be a system for inspection of the work to ensure good quality. With some types of work, spot checks are adequate; with others, each part produced or every job completed should be inspected. Supervisors, in conjunction with the customer, should develop a quality control check list which is signed when the work is completed satisfactorily, and the workers should be told that this has been done.

Business Planning. In retrospect, many of those worksites that did not succeed did so because the programs did not give enough careful prior thought and planning to the external, business aspects of these projects. Although it is hard to predict all the possible pitfalls of a work project while it's still on the drawing boards, it is not necessary for each program to reinvent the wheel: experts are available in almost every field, and it is worth a program's funds to invest in their experience. In addition, some testing of waters should be done before offering the community new goods or services; whenever possible, the customer for the product or service should be committed upfront, as selling a product is a skilled and time-consuming activity, and very difficult; local unions and other support groups should be consulted; use should be made of existing technical knowledge and processes before attempting to develop new ones;

enough time should be anticipated for the gearing up of a new worksite since first year costs for labor, management and capital will be far higher than earnings, and the program must be able to sustain such a new worksite with the rest of its operations. In general, the programs with the most successful worksites usually had a strong and active board of directors to fulfill many of these functions.

New worksites that require a high skill level or a great degree of capital investment should be undertaken one at a time so that they can be assimilated into the program without overburdening it, or investing in something for which there is no market. Two programs capitalized on the energy crisis, but only one succeeded. One program committed a large percentage of its resources to the development of solar power collectors without first analyzing the local market's demand for such new technology. Although the idea sounded interesting, the fact that the program was located in a city where it is foggy a good part of the year made this concept impractical. On the other hand, another program developed a storm window manufacturing project. Prior to this, 80 percent of the storm windows in the area had been purchased out of state. This project manufactured a needed product and provided jobs and industry for the local area, and it appears that this will be a growth industry for the future.

Worksite Diversity

Over the years, each supported work program has developed a variety of worksites. Even though management of a program that has, in essence, become a mini-conglomerate is more complex, program operators learned that a range of types of work opportunities provided a more attractive

choice to potential and current workers, and was felt to be a factor in improving work performance. Diversity also helps to convince the larger community of this group's employment capability. Also, when too high a percentage of a program's work is in one limited area, those workers who are not interested in these activities, but who have no other choice available, may decide instead to leave the program.

Supported work programs have built and operated a day-care center, reviewed for error medical insurance claims in a Blue Cross/Blue Shield office, manufactured lines of home and office furniture, rehabilitated blocks of housing in a neighborhood, provided personal and home-care services to the elderly and infirm, disassembled, cleaned and reassembled complex industrial equipment, and painted local YMCAs. During the fourth year of the demonstration, over half of all the participants worked in more than 20 types of service-oriented projects, including reupholstery, clerical, business services, child care, and automotive repair (See Table III-1A and 1B). Nearly another quarter of the participants worked in various construction trades such as building renovation and rehabilitation, painting, construction of storm windows and winterization, and deleading. Fourteen percent of the workers were involved in the manufacture and packaging of saleable goods such as furniture, shop towels and car buffing products, children's games, dried flowers and large packing containers.

Most programs have continued to expand their job creation efforts in labor-intensive work which requires relatively low, non-specialized skills, simple equipment and generalized supervision. The more specialized or sophisticated work projects cost more in capital outlay and

TABLE III-1A
PERCENTAGE DISTRIBUTION OF PROJECT DAYS IN MAJOR INDUSTRIES
IN THE 15 SUPPORTED WORK PROGRAMS, BY SITE

Site	Total Project Days				Percentage Distribution by Major Industry								
	First Year	Second Year	Third Year	Fourth Year	Cumulative	Agriculture Forestry, Fishing	Construction	Manufacturing	Transportation, Communication	Wholesale Trade	Retail Trade	Services	Total
Atlanta	6,356	16,043	15,721	6,979	45,099		14.7	7.9		.2	.5	76.7	100.0
Chicago	6,127	21,013	37,026	15,012	79,178	.2	35.4	10.3	13.8			40.3	100.0
Detroit	n/a	4,924	7,898	5,168	17,990	4.7	62.9	.9		.1		31.3	100.0
Hartford	7,079	26,359	36,663	21,605	91,706	2.7	25.8	20.4	4.2		3.4	43.5	100.0
Jersey City	13,944	28,980	39,078	19,445	111,447		38.7	5.1	12.3		12.0	31.9	100
Massachusetts	7,147	12,949	14,803	14,241	49,140		57.8	17.4		1.3		22.4	100.0
New York	n/a	19,826	38,125	22,937	80,888	.3	2.3		.1		.9	96.3	100.0
Newark	8,247	24,079	35,858	19,643	87,827	1.3	7.3	8.3	.2	.2	3.2	79.6	100.0
Oakland	8,348	18,821	22,715	11,959	61,843	21.1	37.7	3.8	6.7	3.7	8.2	18.8	100.0
Philadelphia	7,973	17,693	13,987	7,608	47,261	15.6		0.7				22.4	100.0
St. Louis	3,798	11,785	9,379	3,722	28,684		6.3		2.9	1.1	20.3	69.4	100.0
San Francisco	7,101	9,689	5,188	n/a	21,978	6.1	37.7		6.1	1.6	3.5	45.1	100.0
Washington	8,218	10,825	10,450	4,654	34,147	1.0	18.9	33.1				46.9	100.0
West Virginia	11,909	12,403	18,630	11,498	54,440	5.2	16.4	2.5	6.2			69.4	100.0
Wisconsin	5,693	14,374	18,155	11,307	49,529	.6	40.7	.9	1.4		1.1	55.2	100.0
ALL SITES	101,940	259,763	323,676	175,778	861,157	3.5	28.3	7.8	4.5	.4	3.8	51.7	100.
TOTAL PROJECT DAYS:	101,940	259,763	323,676	175,778									
1st Contract Year						7,046	41,375	3,873	3,226	1,073	3,456	41,501	
2nd Contract Year						9,349	81,676	16,953	10,279	838	9,586	125,314	
3rd Contract Year			323,676			9,513	79,821	28,471	18,081	1,703	13,837	172,250	
4th Contract Year				175,778		2,988	44,999	18,632	7,383	352	5,976	95,448	

SOURCE: Tabulations of time sheet and project data in the Supported Work Management System.

SOURCE: Tabulations of time sheet and project data in the Supported Work Management Information System.

NOTES: The data cover the period from March 31, 1975 through December 31, 1978.

Industry categories were taken from the Standard Industrial Classification (SIC) system of the U.S. Department of Labor, Office of Management and Budget. Although this system is structured to classify establishments under various categories, the supported work demonstration has adapted the definitions to apply to the work being performed. The information is provided by site staff on MIS project description forms.

Project days were calculated by dividing project hours by 8, for all sites except Wisconsin, where the number of hours worked per day is 7 1/2.

Percentages within industry have been proportionately adjusted to compensate for a small number of project days for which industry classification could not be determined at the time of the analysis.

^aAgriculture industries include landscaping work.

^bRetail Trade industries include food service.

TABLE III

PERCENTAGE DISTRIBUTION OF PROJECT DAYS IN MAJOR INDUSTRIES
IN THE 14 SUPPORTED WORK PROGRAMS
DURING THE FOURTH CONTRACT YEAR, BY SITE

Site	Fourth Year Total Project Days	Percentage Distribution by Major Industry, Fourth Contract Year						
		Agric- ulture Forestry, Fishing ^a	Construc- tion	Manufact- uring	Transpor- tation, Communi- cation	Wholesale Trade	Retail Trade ^b	Services
Atlanta	6,979		22.9	15.1		0.5	1.7	59.7
Chicago	15,012	1.2	35.9	16.4	17.1			29.5
Detroit	5,168	0.2	67.4	1.8		0.5		30.2
Hartford	21,605		21.1	23.5	11.5			43.9
Jersey City	19,445		37.5	5.9	2.2		13.7	40.6
Massachusetts	14,241		45.9	17.7				36.4
New York	22,937		0.5				0.4	99.0
Newark	19,643	0.4	2.2	10.2			3.2	83.9
Oakland	11,959	9.9	26.2	9.3	1.7	2.2	10.0	40.6
Philadelphia	7,608	19.6	61.5	1.5			3.8	13.5
St. Louis	3,722		4.0		11.7		19.7	64.6
Washington	4,654		42.5	56.9				0.6
West Virginia	11,498		11.3	2.7	9.7			76.3
Wisconsin	11,307		38.6	0.4	1.0		1.0	59.0
ALL SITES	175,778	1.7	25.6	10.6	4.2	0.2	3.4	54.3
								100.0

SOURCE: Tabulations of time sheet and project data in the Supported Work Management Information System.

NOTES: The data for the "fourth contract year" cover the months of each program's fourth contract year in the supported work demonstration; data for New York, which entered the program after the start of the demonstration, are from third year operations at that site. The contract year period ranged from 6-12 months, depending on the site.

Industry categories were taken from the Standard Industrial Classification (SIC) system of the U.S. Department of Labor, Office of Management and Budget. Although this system is structured to classify establishment under various categories, the supported work demonstration has adapted the definitions to apply to the work being performed. The information is provided by site staff on MIS project description forms.

Project days were calculated by dividing project hours by 8, for all sites except Wisconsin, where the number of hours worked per day is 7½.

Percentage distributions may not add exactly to 100.0 because of rounding.

Percentages within industry have been proportionately adjusted to compensate for a small number of project days for which industry classification could not be determined at the time of the analysis.

^aAgriculture industries include landscaping work.

^bRetail Trade industries include food services.

specifically skilled supervision, and are more susceptible to fluctuating market demands for those goods and services. In fact, a high ratio of capital to labor costs in a sophisticated and specialized industry will decrease the number of available jobs for workers, and this type of work project tends to work against the goal of the program. Workers who are trained in good work habits and some basic, widely applicable job skills have a better chance of getting a post-program job. Investing a majority of time, skills and capital in a narrowly-defined work project can be risky when the stability of the entire program may depend on one or two projects which, if they fail, can set back the whole operation. Finally, diverse worksites in different job clusters, at least some of which are in related work areas, seems to be the most managerially feasible type of program to operate.

A variety of worksites protects the programs from some of the pitfalls associated with a buildup in only one or two types of work: a sudden drop in the local market's need for certain goods or services, the phase-out of public monies which help fund a major project to which the supported work program is linked, the appearance of a private firm which corners the market on a particular item, or even the departure of program staff who were crucial to the implementation of one type of work. By the end of the second year, all the supported work programs were operating worksites in at least three types of major industries.

Operational experience has also demonstrated that developing a variety of worksites according to a common theme is equally important for solid program expansion. Work activities which are tied into each other in some way and are interdependent, may yield the most profit to the

program. One advantage of this type of approach is that technical expertise, supervisory skill and the costs of capital equipment and supplies can be shared by many worksites. Often this can be put to developmental use as well. One of the programs developed a worksite in the cafeteria of a local industrial firm where workers prepared and laid out food trays and worked at the steam tables. Several months later the program's parent agency purchased and had supported work crews renovate a building near a hospital and a large factory, obtained a liquor license and began to operate a pub-style luncheon restaurant. Workers who began in the cafeteria were gradually moved to the restaurant to work as busboys, grill cooks and waiters. The third phase of their integrated food services experience came with the renovation, refurbishing and opening that same year of a gourmet restaurant. The most reliable and experienced workers were sent to train under the guidance of a chef to learn food preparation, grill work, meat-boning and butchering, and to bus and wait on tables.

Another program began with a furniture-building worksite, moved into light rehab and eventually got a contract to rehabilitate a group of dilapidated buildings in a nearby neighborhood. Although a program director must beware of overambitiously extending the workers' capabilities, the work ladder concept embodied by these projects proved to be a valuable work experience.

Sometimes a large block of funding can be obtained for a host of work activities under one umbrella which the program could not have received for diversified activities. In their fourth year of operations one of the programs contracted with a local CDC and won a HUD-funded

YCCIP grant which funded up to 90 supported workers engaged in community improvement worksites doing home chore services for the elderly, building maintenance and renovation.

Such a thematic development of worksites can also benefit workers in other ways: clerical work can be transferred to many types of customers as can construction jobs, and workers who were more experienced were gradually moved to sites which required a high degree of skill and speed.

To expand their operations, programs have sought to identify available local sources of funding and to capitalize on particular community needs which they may be able to fill, and to avoid developing worksites in areas which may go against established community interests. A community will pay for a service it deems worthwhile, and if a supported work program provides such a service, it gains the support of the larger community in its expansion and survival.

Revenue Generation

One of the most important features of supported work is its capacity to generate revenue. Although a program should never count on covering expenses by service project revenue, by 1981, the sites overall were covering an average of 25 percent of their own costs, and some went as high as 40 percent. Those revenue generating worksites, if properly structured, are an important component for bridging the gap between supported and regular employment. They represent the program's ability to perform real, competitive work while still shielding the less job-ready workers from the stress involved in the workplace until they are ready to handle it; it also shields private employers from the direct

difficulty of supervising such workers. Finally, because a customer is paying for goods and services, the demand for quality performance is higher. The supervisors know this, and transmit it to the workers.

Experience to date indicates that revenue generating work projects can be expected to be successful if they cover a portion of operating costs and simply forego recovery of the original capital investment. Most directors feel that mandatory graduation of their most experienced workers precludes the possibility of developing a skilled workforce capable of generating excess revenues over costs. Only longer term data will give any indication as to whether such worksites produce higher paying, longer-term post-program jobs as some program directors believe. Experience has shown that a realistic goal for revenue generation in the first operating year is about 10 percent to 15 percent of the total budget.

Revenue generating projects can be a great benefit to the program operationally and financially, but there are many factors to consider when developing them. Most of these worksites have required more planning, negotiation, start-up time, training, supervisory skill, and marketing ability than other worksites. This was especially true when the worksite was geared to providing goods or services to the private sector.

There are three basic models of revenue generating worksites, each with its advantages and disadvantages:

- The small (in-house) business model, such as a furniture-manufacturing unit, is good in that the continuous close contact with the program ensures that the supported work elements are implemented, but poses a complex marketing problem for the product.

- An alternative to the business-creation model of worksite development is that of placing a supported work crew on-site with an agency or business. Workers placed in a host agency can reap the benefits of a training experience which closely approximates regular employment and the program does not have to make heavy expenditures of capital for equipment. However, ensuring that the programmatic integrity of supported work is maintained, is complicated by the isolation of the worker from the program.
- A third solution is to negotiate a subcontract from a local business to do a portion of their work. This arrangement can work to the program's decided advantage: if a business is renovating a housing complex and union labor is providing the electrical and plumbing contracting, the supported work program can seek a subcontract for part of the work. In this way the program does not assume the burden of the total cost of the work and the participants gain experience and skills by working closely with union journeymen.

There have been occasions where a work project was negotiated without consultation with the local unions, and the project was jettisoned because of strong union disapproval. It cannot be overemphasized that no work project should be started in a union shop without the union's prior concurrence, and the hiring of union journeymen as work project supervisors may sometimes be helpful in conquering initial resistance.

Customers and Contracts

There are many types of customers for the goods and services provided by supported work programs. The largest groups have always been public agencies and private nonprofit companies, but over the course of the demonstration, programs have increased the scope of their contracts with private for-profit firms and private individuals. While they may have initially contracted to provide labor or services at no charge or at a small stipend to the public sector agencies, as they gained confidence and a good reputation, the program began to recover full reimbursement

for workers' salaries, materials, overhead and some additional revenue. The mix of types of customers for the programs' goods and services will vary according to the marketing ability of program staff and the local employment and industry patterns.

Although revenue generation is an important factor in determining the worth of a potential work project, not all work projects must generate revenues. To gain community or political support for the program some work projects may provide vital services to the community for which there are no funds available or which no other group is willing to perform.

Regardless of the type of customer, the arrangement under which work is conducted has important effects on the programmatic and fiscal usefulness of selling services or products. The crucial factors appear to be matching job complexity with participant capability, proper preparation of participants in how to deal with customers, and a well-negotiated contract which takes into account the multiple goals of supported work as well as the production and quality needs of the customer. Different customers will provide a different work experience for the participants and the types of worksites which a program develops will require varying managerial capacities.

For nonprofit and community groups the program can offer the opportunity to expand their efforts without a large increase in the cost of labor. The fact that supported workers may come from the constituency served by these agencies is another strong point in their favor. Reimbursement for these contracts should include an hourly rate for labor and cover the cost of materials, tools and supplies. One program's partici-

pants have provided day care for public housing residents under a salary reimbursement arrangement with the local housing authority. Another program's crews have provided home chore services to the elderly through a contract for referrals with a local home care agency. Labor costs were covered by CETA contracts and the home care corporation was approached to provide a contract for revenues.

In public agencies a supported work crew may fill a void by providing a service which could not otherwise be financed without the program's subsidies. The program can often place a larger crew with a public agency, which results in fewer overhead and management costs and greater managerial ease. Reimbursements should be similar to the arrangements made with nonprofit and community groups. One program assigns large numbers of participants to work in local schools, libraries, hospitals, parks, and police departments, and each public agency pays a percentage share of the worker's salary costs. Another's largest worksite is with a state medical center, where the program recruits participants and assigns them to several kinds of work in building maintenance and security, the carpentry shop and the cafeteria. The contract includes salary reimbursement for workers, a provision to give permanent job preference to supported workers and a percentage allocation for program administrative costs.

Small Businesses. For the small profit-making company, supported work offers additional production capacity without the employer's needing to expand the plant and add additional workers. In negotiating contracts with small businesses program directors have found it useful to first attempt to elicit from them what they believe their needs to be and then

attempt to elicit from them what they believe their needs to be and then suggest how a supported work crew might fit that need. As the workers are unskilled and new to the world of work it is much harder to try and capitalize on what they can offer the employer at this first stage of negotiations. The trade-off on the relative ease of placing supported workers in small businesses is that there is less ultimate hiring of the workers at the end of their program stay. It is very important that the program protect itself with a contract to ensure that the business is not merely taking advantage of subsidized labor.

In order to gain entry to a small firm, programs have offered to cover the costs of labor and materials and instead be reimbursed by the item, where goods are produced. If the crew does not deliver a quality product on the agreed-upon schedule, the programs then absorb the additional costs. However once the workers improve their production and its quality, the terms of reimbursement can often be renegotiated to cover other costs. One site has a project which stations workers in a small firm that manufactures computer component boards and in two months the crew has substantially improved production in their area. The company reimburses the program at an hourly rate which covers the costs of workers' wages and a part of the wages of the supervisor, and as the project continues, a higher reimbursement rate will be negotiated. Another site has a contract with a real estate firm to paint houses before they are put up for sale. A contract for reimbursement is negotiated for each house based on the estimated time for its completion, and most contracts fully cover the costs of wages to workers and supervisors, while some now yield a small profit to the program that offsets the

indirect management costs.

Big Business. Approaching large corporations requires a more sophisticated procedure, remembering that the aim of the program is to fill a need. For instance, menial, entry-level jobs in a large company often have a high rate of turnover; the supported work program can alleviate this problem by guaranteeing less turnover and immediate, trained replacements when it does occur. The corporation, on its part, can offer job possibilities to successful graduates.

The program could negotiate a contract for a set portion of the corporation's work in a particular area, for instance the assembly of a specific machine part, or a contract to do maintenance in corporate headquarters or its branches. In any case the negotiations should stress that in addition to doing the community a service, and developing tax-paying citizens, employing a supported work crew would not cost the corporation any more than it would usually pay for these goods or services. One program employs a crew which does maintenance work on the evening shift in eight branches of a local bank. Reimbursement covers the worker's wages, tools and supplies, and the fact that the program supervisor is respected and trusted enough to have a key to the banks is a strong point in the program's favor when developing similar contracts.

Types of Contract Agreements

Once the program and the customer have negotiated an agreement for the performance of work and the level of reimbursement, the terms of the agreement need to be drawn up into a formal contract. See Appendix II for samples of contract formats currently in use by supported work programs. Items which should be addressed in any contractual agreement

should generally include the following:

1. A description of the service or product to be provided, the amount of work to be performed, and the timetable for its completion. Any special provision of the employer should also be included in this section.
2. The terms of the reimbursement. Does the customer pay by the unit for the product or service, or does he rather cover all or a portion of the hourly labor cost? Which party is responsible to pay the cost of raw materials, transportation, physical facilities and utilities, and capital equipment? Who will provide and pay for the supervision?
3. The agreement should specify the billing and payment schedule arranged between the program and the customer.
4. In the case where the customer provides the raw materials for the project there is usually a maximum sum agreed upon for loss or waste of materials. The program is then responsible for paying for loss or waste above that figure.
5. Any insurance requirements of the contractor or by the customer should be spelled out. This can include Workmen's Compensation.

Worksite Descriptions

The following pages contain analyses of 11 worksites implemented during the national demonstration. Contained in the analyses are both the pros and the cons of those specific worksites, their pitfalls and their benefits for use by new supported work program operators. These analyses are meant to be merely representative of typical demonstration experiences, not blueprints for a recommended plan.

Product/Service - Landscaping and Gardening

Crew size 6 - 10 swers

Description of services - Mow lawns, do edging, prune shrubbery, water, fertilize, seed, plant shrubs and flowers, prune small trees and generally police areas.

Skill levels - Basically unskilled work with some related training and on the job training. Basic landscaping and some horticultural and floricultural training. Training can be done by the supervisor, the customer or a local educational program.

Markets - Local housing authorities, parks departments, public institutions, private corporations, apartment management companies, etc.

Contracts and fees - Usually a seasonal contract for specific tasks in a defined area. Best type of contract is for labor plus materials. A fixed fee or fair market price is more the norm. Sometimes the customer will supply all materials and plants. Billing is usually on a monthly basis for hours worked and materials used or for the percentage of work completed in a fixed fee arrangement.

Facility needs - Shape-up place and a secure storage shed for tools, equipment and materials and a repair shop.

Equipment needs - Power mowers, edgers, hand mowers, rollers, wheelbarrows, containers, and etc.

Tool needs - Clippers, pruning shears, shovels, spades, hoes, pitch forks, picks, hand tools for equipment repair, and etc.

Materials - Grass seeds, fertilizer, peat moss, wood chips, gasoline and oil, sprays, seeds, bulbs, plants, shrubs as determined by the job.

Transportation - Mobile crews require vans to transport workers, tools, equipment and materials. A small truck used on an as needed basis is generally necessary.

Licensing and insurance - Both, for vehicles. Local laws would determine license needs for a landscape contractor, but licensing is generally not required. Liability insurance is a must. Some contracts may require bonding. Guarantees on the life of plants, shrubs, or trees purchased is vital.

Management and supervision - A full time supervisor for each crew. A project manager if three or more crews. Manager and/or supervisor should have extensive experience in operating a landscape business or have been a supervisor of a landscape crew for some institution. Someone on staff should be able to do equipment repair.

Potential and/or real problems - Rainy day work, off-season work, power equipment breakdown, quality control of work performed and customer relations and collections.

Transition possibilities - Will vary by location and length of growing season. Public institutions, small landscape contractors and individual spin-offs into a small business are the best bets.

Pluses - Low skill requirements, can be done by youths and adults, is probably available for contracting out because it is seasonal work, low capital investment, and produces highly visible results.

Some of the National Experiences - Something we usually can manage and can be a good income producer. Equipment breakdowns and poor gardening techniques leading to dead plants are the biggest problems. Teaching safety measures to the supported workers using power equipment has proved to be necessary. A good quality job done can create a terrific community feed-back and concurrently a poor job can cause the reverse reaction. Having the workers outside in the public eye presents the same opportunities and risks.

Product/Service - Parkway Maintenance

Crew size 5 - 6 swers

Description of services - To provide all necessary janitorial maintenance for 15 administrative buildings located at toll booth plazas, for 140 toll booths, and for 2 state police barracks on the parkway. Five crews from three different supported work programs divided the work up according to geographic proximity and size of work load. There are detailed cleaning specifications in the master contract.

Work schedule - Crews generally work an 8:00 am to 4:00 pm shift Thursday through Monday inclusive. They are off on Tuesday and Wednesday each week. The parkway gets more traffic on weekends and therefore needs cleaning more at that time than during the week.

Skill levels - Very entry level maintenance work. Training in certain cleaning techniques and in use of special materials has been given by the highway authority maintenance division.

Market - Customer is the State Highway Authority which gets a double benefit from this arrangement: the social benefits of creating 25-30 jobs for severely disadvantaged state residents and the guarantee of a good cleaning job by the crews.

Contract and fees - The contract is with the State Highway Authority and has a three year slightly escalating renewal clause subject to approval by all parties. Reimbursement averages \$16,500 per crew annually. After paying for all transportation, materials, tools and equipment costs, each crew generates about \$8,200 to offset some of the costs of labor and supervision.

Facility needs - A secure place to store vans and equipment overnight.

Equipment needs - Major need is for purchase or rental of vans. Floor buffers/waxers and portable vacuum cleaners are also used.

Tool needs - None

Materials - Trash bags, mops, pails, sponges, cleaning materials, wax, steel wool, brooms, dustpans and dust cloths. The authority furnishes paper towels, paper cups, toilet tissues and hand soap.

Transportation - Vans equipped to legally carry a supervisor, up to six workers and all materials is necessary. A backup vehicle is also a necessity.

Licensing and insurance - obviously, vehicle registration, licensing, and liability insurance are a must. Each policy must reach the limits specified by the State. Bonding of all workers is also required because of the accessibility to large amounts of coins in the counting rooms.

Management and supervision - These crews are usually part of a larger maintenance division with a professional manager. Each crew has a full time supervisor who must be extremely dependable, skillful in handling the workers and good at the customer relations job of dealing with the toll booth collectors, managers and State police. There should be one or two back-up supervisors always available on short notice.

Potential and/or real problems - The possibilities of petty or major theft. A good orientation by Highway Authority personnel addresses this problem and lets workers know how it is dealt with. Weather especially in winter can be a major problem. The best remedy is a good sensible communications system between the authority and the supported work program for cutting short or calling off the work day across the State or on certain sections of the highway. Vehicle breakdowns need to be anticipated and back-up vans available. Attendance on weekends at times is a problem and back-up workers should be available on call as well as a weekend hourly pay differential offered to workers.

Transition possibilities - Some possibilities with the Authority but not in great numbers. More importantly, workers who develop into good dependable employees working this sort of demanding work schedule should be easy to place in a variety of related jobs in the public and private sector.

<p><u>Some of the National Experiences</u> - So far it has not been replicated in other States.</p>

Product/Service - Building Maintenance

Crew size 5 - 6 swers

Description of services - A wide variety of interior building cleaning and maintenance services. It includes doing entrances, corridors, washrooms, offices and meeting rooms. Floors, walls, ceilings, light fixtures, windows, blinds or shades and furniture are all cleaned and cared for according to the specifications of each job. Emptying waste baskets and removing the trash is generally in all specifications. Working hours are negotiated between the customer and the supported work program. In some cases this is the only cleaning service but in many other cases it is supplemental to a public agency regular service.

Skill levels - Very entry level maintenance work. Training can be given by a representative of the customers or supervisor.

Markets - Prime market is all kinds of understaffed public institutions, court buildings, police stations, hospitals, nursing homes, mental health facilities, housing projects, and all sorts of governmental department office buildings. Private for profit customers have contracted for services at hotels, apartment complexes and branch banks.

Contracts and fees - A wide variety of arrangements are possible. Private for profit companies pay for the fair market value of the service. Public institutions are provided the services at a subsidized rate. As always the best deal is usually the hourly labor rate plus materials, but a fixed fee rate is also common.

Facility needs - A shape-up place/locker room and secure storage for supplies, equipment and materials is needed.

Equipment - Equipment for stripping, waxing and buffing floors is the only real capital investment.

Tool needs - Some hand tools for minor repairs.

Materials - Trash bags, mops, pails, sponges, cleaning materials, wax, steel wool, brooms, dustpans and dust cloths.

Transportation - A ride to and from work may be necessary if the worksite is not easily reached by public transportation. If a crew cleans a number of spread-out buildings on each shift a van is necessary to carry workers, materials, and equipment.

Licensing and insurance - No licensing required except in unusual situations like gambling casinos. Liability insurance and some bonding is standard practice.

Management and supervision - A cleaning crew is generally part of a maintenance division of a supported work operating company which would have a professional manager. Each crew is under a full-time on-site supervisor with previous supervisory experience in the blue collar trades.

Potential and/or real problems - Minor theft of items left unprotected in people's offices. Small portable radios and petty cash are likely targets. Supervisors need to be mobile and have good control over workers who are often dispersed throughout a rambling, multi-storied building.

Transition possibilities - Generally good in both the public and private sectors. Local labor market pay rates will determine whether or not supported workers will leave for unsubsidized maintenance jobs in that community.

Pluses - Low skill requirements, generally available reimbursable work and modest capital equipment needs.

The National Experience - Every supported work program has had some experience in the maintenance field even if it just maintains its own facility. This is another low investment, good return kind of an operation for a typical supported work program, especially in those that recover minimum wage for labor and all other expenses from the customer.

Product/Service - Paper Recycling

Crew size 12 swers

Description of services - Residential collection of newspapers and cardboard and secondary metal and glass. Reduces the tonnage of trash to be collected by the local sanitation department to be dumped in the community landfill area. Crews also make pickups at businesses, print shops, the university and local government offices. There are 18 residential routes serviced on a regularly scheduled day each month. Everything is trucked to a warehouse to be sorted, and, in the case of paper, baled. The bales are stacked and held for shipping. When there is enough volume, it is loaded for shipment and sold. There is an ongoing public relations and advertising campaign and customer telephone follow-up if pickups fall off.

Skill levels - Some workers need licenses to drive trucks, and enough driving skill to learn to operate a fork lift; and others need rudimentary communications skills for learning the public contact, customer relations and advertising ends of the business. Major training is in educating the workers about the environmental needs for resource recovery programs.

Markets - Baled paper is sold through brokers to paper mills and sometimes directly to mills. Metals are sold to salvage dealers and glass through brokers to glass manufacturers.

Contracts and fees - Project periodically will test market to get deals with brokers who pay highest amount per ton. Sometimes it is advantageous to have an arrangement with a broker that pays a couple of dollars under market when the prices are high but has a guaranteed floor when market prices are low.

Facility needs - A separate building in an area zoned for warehousing with docking facilities for a truck and a fenced in area for parking. A 3,000 - 4,000 square foot building is about the minimum required. A 15 foot ceiling will allow for stacking of bales. An office area of about 300 - 500 square feet should be built in. Special electrical hookups are required for many baling machines. Building should definitely meet all fire codes for this type of operation. The certificate of occupancy should clearly allow such a business on the premises.

Equipment needs - In addition to vehicles, the only major equipment needed is a baler, a fork lift and large metal storage bins for metals and glass. Telephones, a typewriter and access to a copy machine are needed for the advertising and public relations work. Appropriate office furniture should be available as needed.

Tool needs - Bale strappers, little banking machines and hand tools for building and/or vehicle maintenance are necessary.

Materials - Wire, cord, and general office supplies are the minimum.

Transportation - A one-ton truck with a 12-foot box is about the smallest that could handle the route pickups. A 16-foot step van does the other pickups.

Licensing and insurance - Most communities require licenses or permits for residential waste collection. Salvage dealer's permits may also be necessary. The appropriate certificate of occupancy allowing this use is a must. Adequate vehicle and facility liability and accident insurance is mandatory.

Management and supervision - A full time manager/supervisor and a supervisor for the collection crew is necessary. The manager should be experienced in and knowledgeable about source separation recycling and have previous management experience.

Potential and/or real problems - work flow in warehouse not always steady. Community participation on route fluctuates. The market pricing undergoes many changes.

Transition possibilities - There has been some placement into unsubsidized jobs at paper companies and print shops. In addition, for laborers to have some experience in truck driving and fork lift operation has been a plus in placing them into general warehouse work.

Pluses - Low skill requirements, easily available markets, the public relations value to the supported work program and the fact that the workers know that their efforts have a positive effect on the local environment are all pluses.

National Experience - Only one supported work program is operating a recycling program this extensive, but 2 or 3 others are involved in supplying labor to such programs or are newly operating smaller efforts that may more fully develop over time. The one large operator is currently covering all costs for transportation, rent, utilities, equipment, materials, advertising, direct management and supervision out of revenues from sales.

Product/Service - Automotive Cleaning Materials

Crew size 11-12 swers

Description of products - Produce cleaning towels, buffing mittens, and other items for cleaning autos. The shop is basically a subcontractor for a successful local firm. Work performed includes cutting, sewing, assembling, packaging and boxing of products. The workers also handle inventory, shipping and receiving functions, record keeping and documentation for billing purposes at the plant.

Skill levels - The cutting and sewing jobs require manual dexterity and good hand and eye coordination. Many AFDC mothers in the project have had previous experience on home sewing machines and it is relatively easy for the supervisor to train them on the industrial sewing machines in the plant. Workers who have difficulty mustering the cutting and sewing functions can be assigned to packaging, boxing and shipping and receiving jobs.

Markets - The plant has had one major customer for almost 100% of its output for the last three years. The customer purchases all raw materials for production, packing and shipping and handles all of the marketing. The supported work program is paid for each item it produces and/or packages at a negotiated price. This is a good arrangement, in that the program can concentrate solely on production without a lot of cash flow problems and inventory surpluses. On the other hand the plant is too dependent on one customer and would be practically out of business if this relationship were severed for any reason. It needs to generate additional customers in order to protect itself.

Contracts and fees - Presently the project budget generates enough income to offset the total costs of rental, utilities and maintenance of the plant and its equipment plus the costs of a part-time plant manager and a full-time supervisor. As mentioned earlier, the price on each order is negotiated between the plant and the customer and items that turn out to be real losers are either not handled again in the plant or are handled at a higher negotiated rate.

Facility needs - This project uses about 4,000 square feet of plant space and another 800 square feet of office space. There are truck bays for loading and unloading orders. Plenty of good lighting, enough electrical outlets for each sewing machine and the bagger-sealer, and adequate power for a compressor were the major facility improvements. The crew itself built all of the work tables and a very large cutting table.

Equipment needs - A total of 12 industrial sewing machines of two different types are used in the plant. Some products require sewing on one type of machine and others must be done on the second type. Two bagger-sealers are used in the packaging operation. In addition to two inspection tables there is a 30' x 5' cutting table with a manually operated 5' long material cutter. A manual fork lift is used for loading and unloading.

Tool needs - A good set of hand tools appropriate for repair of industrial sewing machines.

Materials - All materials are provided by the customer.

Transportation - The customer delivers all raw materials and picks up all finished goods.

Licensing and insurance - There is no licensing necessary. Basic liability, fire and theft on the plant and its contents are of course required.

Management and Supervision - A manager with many years of set-up and production experience in the needle trades oversees the plant on a part-time basis. A full-time supervisor-trainer manages and trains the workers. A repairman is on contract to service and repair machines two days a week.

Potential and/or real problems - There is a need to develop additional customers. Down-time is a problem if the present customer has no orders or misses a delivery of raw materials. Some of the items produced are seasonal. Equipment breakdown was a major problem until the present regular repair service was identified and committed. When workers turn over there is a drop in productivity while inexperienced workers are trained. Locating a capable and available plant manager was also a major problem.

Transition possibilities - A number of workers have left supported work for unsubsidized jobs in the industry. The industry is in a growth period locally.

Pluses - Many supported work eligible persons have some home sewing experience. There is some good training involved and the work can be highly structured. Production counts are easy to take and goal setting and measuring performance is not too difficult. In many ways this type of plant is ideal for a supported work setup. It also generates a decent amount of revenues.

The National Experience - The kind of subcontract arrangement with the customer which eliminates cash flow problems, materials cost and know-how needs, and a marketing effort has been used as a model in other kinds of supported work endeavors elsewhere. There have been a few attempts at setting up sewing operations elsewhere but not successfully.

Product/Service - Pallet Recycling

Crew size 6 - 8 swers

Description of Services - Using broken pallets as the prime source of materials, workers turn out rebuilt pallets for the resale market.

Skill levels - Basically unskilled work but it helps to be physically strong and have some manual dexterity. Workers learn some measuring skills, do hand assembly and learn to operate such equipment as nail guns, a skill saw, a machine called the un-nailer and a chamfering machine. Fork lift operation is also learned by some of the workers.

Markets - This project was started only after some firm commitments for orders were made in writing by a few prime customers. A large regional food service chain, the manufacturer of a well known nationally distributed care cleaner and a local soft drink company are now the major customers. A continuing marketing effort is ongoing to develop a more diverse group of customers.

Contracts and fees - The food service chain signed a written agreement to send two trailer-truck loads of broken pallets per week to the recycling shop. In return, an agreed-upon number of recycled pallets are shipped back at a fixed price. The fixed price is a little below the going local market price for new pallets. Other companies donate broken pallets for tax write-offs and purchase recycled pallets at a fixed price.

Facility - About a 4,000 square foot plant is needed for this business. There should be good docking facilities for trailer trucks and adequate electrical wiring for operating the compressor and all of the equipment.

Equipment needs - Five nail guns, a compressor, an un-nailer, a skill saw and a fork lift are needed.

Tools needs - Basic hand tools including hammers, saws and rulers are used.

Materials - Broken pallets, some new lumber for deck boards and stringers, and nails are the main staple supplies needed.--

Transportation - This plant uses three rented trailers and a used tractor for delivery and pickup. Trailers are left at prime customer premises until they get filled with broken pallets.

Licensing and Insurance - No licensing is required. Basic liability, accident, fire and theft for plant and vehicles are necessary. Local laws determine the need for special licenses for tractor-trailer drivers. A certificate of occupation for the building allowing this type of use is of course a must.

Management and supervision - There is one full-time manager-supervisor and a part-time marketing person. The manager-supervisor has experience in running a pallet manufacturing business.

Potential and/or real problems - Customers expect quick turnaround time when they place orders. The market price for pallets fluctuates, and pricing is very competitive. Because much of the lumber comes from the broken pallets, cash flow and price fluctuations of lumber are not the problems they would be for a new pallet manufacturer. Teaching workers safety and requiring them to use goggles, helmets, gloves and safety shoes requires strong management reinforcement.

Transition - Placements in this large industrial city have been good with private pallet making companies. Experienced workers are in demand. There is also the possibility of small spin-off businesses.

Pluses - This business can be a really good revenue producer. Productivity is easy to measure, and the necessary skills are easily developed. The workers seem to like the work and enjoy turning out a finished product that is sold immediately.

Product/Service - Ramp Construction

Crew size 6 - 10 swers

Description of Services - Building wheelchair ramps for handicapped individuals to allow freedom of movement to and from the residence.

Skill levels - Basically unskilled work; grading; form-setting; pouring concrete and/or nailing pre-cut boards to form structure. Training can be provided by the supervisor who should have some knowledge of the construction trade.

Markets - Disabled citizens confined to wheelchairs; local housing authorities; park departments; public institutions; private corporations; etc.

Contract and Fees - Individual contracts for a specific ramp design in a defined area. Labor plus materials. Cost can be negotiated for the individual through organizations such as the Veterans Administration, Kiwanis Club, Easter Seals Society, Multiple Sclerosis and the Cerebral Palsy Association.

Facility needs - A secure storage area for tools, equipment and materials.

Equipment needs - Means of transferring tools and materials to work-sites.

Tool needs - Picks and shovels; wheelbarrows; roller; hand tools used in finishing concrete and hand tools needed for wooden form construction.

Materials - 2x4 and 2x6 lumber; concrete; filldirt and reinforcement rods.

Transportation - Mobile crews require a van to transport workers and tools. A small truck would be useful in transporting equipment and materials.

Licensing and Insurance - Both needed for vehicles. Local laws would determine license needs for small contractor, however, licensing is generally not required. Building permits and liability insurance are necessary.

Management and supervision - A supervisor for each crew. A project manager if there are three or more crews. Supervisor should have experience in construction areas dealing with concrete/cement finishing and form-setting.

Potential and/or real problems - Seasonal work (unless in warm climate); rainy day work; quality control of work performed and customer relations.

Transition possibilities - Large or small construction contractor as laborers.

Pluses - Low skill requirements, appropriate for both youth and adult target groups; low capital investment; produces highly visible results and meets double social utility goals.

<p><u>Some of the National Experiences</u> - Thus far ramp building has not been replicated in other locations.</p>

Product/Service - Storm Window Production

Crew size 6 - 10 swers

Description of Product - Produce aluminum double tract storm windows. Work performed includes fabrication and assembly of windows cut to size; use of table saws, drills and routers. Workers also handle inventory, packaging, recordkeeping and documentation for billing.

Skill levels - The cutting and assembly of windows require manual dexterity and good hand and eye coordination. Some workers will need low math and measuring skills and training in cutting glass and aluminum.

Markets - This project component was started only after a number of firm commitments were received for on-going orders. A number of community based weatherization programs are current customers. A regional department chain indicated interest in marketing the product. A continuing marketing effort is ongoing to develop a more diverse group of customers.

Contracts and fees - Community based organizations and the CETA Weatherization Programs have agreed to purchase needed storm windows for installation to low income homes. The fixed price (based on size) of the window is below the going local market price.

Facility - 3,000 - 4,000 square feet of plant space is needed. There should be good loading dock facilities for trailer unloading the needed extruded aluminum. There should be adequate electrical wiring for operating the table saws and drills.

Equipment needs - Table saw; drill press; glass cutting machine; latch and corner punch; glass mold punch; milling machine, and cutting unit.

Tool needs - Basic hand tools including hammers and rulers.

Materials - Extruded aluminum, sheets of glass and screening.

Transportation - Van to deliver finished windows to customers.

Licensing and insurance - No licensing is required. Basic liability, accident, fire and theft for plant and vehicles are necessary.

Management and supervision - One full time supervisor is needed. This supervisor should be experienced in assembly operations of this type. There should also be a marketing person available to the component.

Potential and/or real problems - Customers require quick turnaround on orders. Glass, screening and extruded aluminum prices fluctuate which will result in continuous price adjustments. Cash flow may become problematic. Teaching workers safety and requiring them to use goggles and gloves requires strong supervisor reinforcement. Quality control of work performed and customer relations.

Transition possibilities - Workers who develop skills doing this sort of demanding task should be appropriate for a variety of entry level jobs in the private sector.

Pluses - Both youth and adults can be instructed in the assembly process. Work is accomplished in-house which minimizes control problems. Capital investment is relatively low while results are highly visible.

Some of the National Experience - Fabrication of storm windows with wood products proved unsuccessful. The development of a close working relationship with the CAP/CETA or other weatherization program customers is important. Can be a good income producer.

Product/Service - Arrangement/Packaging
of Dried Flowers

Crew size 6 - 12 swers

Description of services - Includes the cleaning, peeling, glueing, bunching, arranging, and wrapping of dried flower arrangements. Also, the painting of clay pots, vessels, etc.

Skill levels - This is basically unskilled work but requires some degree of manual dexterity. Visual, spatial, and artistic talents are useful and developed.

Markets - This is work done on a contract basis for large dried flower companies.

Contracts & fees - Contracts are usually on a piece-rate basis which varies by job after time-study analysis with the customer. Billing follows the completion of jobs.

Facility needs - Both work and storage space are required. Work space is an open area with adequate lighting and comfortable temperature. Storage space must be sufficient to house both raw materials and the finished product.

Equipment, tools, and material needs - Are minimal and usually supplied by the customer based on job requirements. Consist of staplers, picking machines, hot plates, waxes, glues, wire, dried plants, vases, pots, containers. Work tables and chairs are supplied by the program.

Management & supervision - A full-time supervisor is ample for a crew of 12 workers and is responsible for managing the work place, training workers, and negotiating with the customers. Must have supervisory experience in a production/assembly setting. Knowledge of the dried flower industry is helpful.

Potential and/or real problems - A potential problem with all sub-contracting work tied to a sole customer is the down-time between jobs and/or the lack of sufficient amounts of work during the slow season (November to April). However, these problems can be solved through availability of work for other customers or the alteration of crew sizes.

Transitional possibilities - For workers who are interested in related jobs, the site offers some potential as an employment pool for the contracting customer and for area greenhouses. Generally, the site provides good work experience in an assembly setting more than any particular skill development.

The National Experience - The site offers a combination of advantages: little, if any, capital expenses; an industrial/assembly-line setting; and reasonable generation of revenues. The site often serves as the "initial entry" worksite for incoming workers until further assessment and assignment occurs since stress and production demands are easily controlled while work habits and discipline receive concentration.

Product/Service - Clerical Services

Crew size 3 - 10 swers

Description of services - Perform general and specific clerical services including typing, filing, telephone and personal reception, record-keeping, and other office activities.

Skill levels - Requires both basic education training (reading, math, spelling, vocabulary) and specific training (typing, file maintenance, operating office machines, etc.). Training can be performed by the supervisor in-house or by a contracted agency (vocational school, business school, etc.). Training can be conducted within an eight-week period if provided on a daily basis, and precedes the provision of services to customers with further training provided on-the-job.

Markets - A broad range of private and public agencies and especially those which experience seasonal demands for greater numbers of clerical workers (tax services agencies, mail order houses, catalog distributors, etc.).

Contracts & fees - Usually a payment equal to an hourly amount for each worker ranging between the federal minimum wage and the customer's starting wage for similar positions. Best type of contract also includes an amount to partially offset worker fringe, training, supervisory expenses. Billing is usually on a weekly basis based on total hours worked at the customer's site.

Facility needs - A large classroom setting equipped with office machines for training purposes. One or two offices for supervisor/training/marketing personnel.

Equipment - Typewriters and stands, dictation equipment, 10-key calculators, file cabinets, desks, chairs. More sophisticated classrooms will include mag-card machines, etc.

Materials & supplies - General clerical supplies for workers and equipment.

Management & supervision - Demands for staff are greatest in the areas of worker training and marketing/customer relations. Depending on the number of crews in training or outstationed and whether training is provided in-house or by contract, one person may perform all training, management, and marketing functions, or additional persons for the training activity may be required. Supervision of outstationed workers is provided by the customer and usually with the help of a lead-worker or crew chief. Trainers must have experience which is usually from a vocational or high school setting. Manager must have knowledge/experience in sales, contracting, office procedures and personnel marketing.

Potential and/or real problems - Scheduling contracts with customers to coincide with completion of worker training or as other contracts terminate is the most common and persistent problem. Many customers require sizeable crews for only 6-15 week periods of time. Customer relations can become a problem if clear understanding of program or customer obligations does not exist before start of work. Providing back-up workers for absentees may also be difficult. Outstationing of a worker before adequate training presents problems for the worker, customer, and the program.

Transitional possibilities - Are very good in most situations because of roll-over potential into regular and full-time customer jobs and because of the sheer number of clerical and office positions in most communities. Placement is very favorable with workers who become skilled at the customer's site with special equipment (data entry, work processing, and business machines).

The National Experience - In addition to the very good transition potential for workers, the worksite advantages include the location of customers and generation of worksite revenue with relative ease and low overhead costs compared with many other sites. The site has been especially attractive to the AFDC target group. It offers the project an opportunity for direct involvement with and services to the private sector. The site has operated and in a successful manner at a few of the project sites.

Product/Service - Furniture Manufacturing

Crew size 6 - 8 swers

Description of service - Cut and assemble wood, formica, plastic, plexiglass and other materials into already designed furniture items for wholesale and retail distribution.

Skill levels - Semi-skilled work eventually progressing under apprenticeship arrangements into skilled. Training by an experienced carpenter is essential along with continuous practical experience manufacturing products.

Markets - Wholesale furniture distributors, retail stores and direct to customers.

Contracts and fees - Usually a fixed fee contract based on a specified number of items produced in a designated period (e.g., 5 Parson tables per week for 10 months) using the designs of the customer for large volume orders. Individual job orders also taken for customized items -- but as a small percentage of total work done by the crew. Best type of contract is for labor plus materials. Assembly-line operations may lower costs and improve efficiency, as well as breaking up tasks into easy elements.

Facility needs - Shop should be spacious, well lit with a good ventilation system (OSHA requirements will prevail in any case). Good electrical and air compression system as well as good exhaust fans when sanding and painting. Wide access doors to facilitate deliveries of supplies and completed orders. Tail-gate loading platform would be preferable.

Equipment needs - worktables, mounted circular saws, drills, well-ventilated booths for glueing, painting and sanding.

Tool needs - Hammers, hand saws, planes and other carpentry tools.

Materials - Wood, plastic, veneers, paint, varnishes, sandpaper, etc., all materials set forth by the specifications for the product.

Transportation - Vans and/or pick-up trucks suitable for delivery of completed items and to transport necessary materials.

Licensing and insurance - Both, for vehicles. Liability insurance would not be required.

Management and supervision - A full-time supervisor with extensive knowledge of carpentry skills. Supervisor, or someone on staff, should be able to do cost-estimates of products and determine if the manufacturing of the item is cost effective for the program.

Potential and/or real problems - Materials are usually expensive and prone to damage or theft. Unsupervised, some of the tools and equipment could be dangerous. Safety rules should be taught initially and enforced rigidly.

Transition possibilities - While opportunities to join a trade union are rare, the possibility does exist. Non-union construction firms and small manufacturing companies may be more willing to hire a graduate from this training.

Some of the National Experiences - A good work experience where swers can see the results of their efforts quickly. Learned skills are transferable to small private firms. Large orders for simple, easily manufactured items provide the most cost effective return for the program. Customized items, while more expensive and time-consuming, are interesting but should be a small portion of the total volume of work.

IV. PLACEMENT

Ultimately, the point of supported work is to bring about the transition from dependence to independence, and the most readily comprehensible measure of the program's success in achieving that end is placement: the placement of a supported worker in a permanent, non-subsidized job. But one of the earliest and clearest lessons to emerge from the demonstration was one of its most important: that placement could not be treated as merely the point in the end -- the pot of gold at the end of some proverbial rainbow -- but had to be the point from the very start.

That lesson was learned the hardest way, by experience. The original demonstration sites, focused as they were on the many complexities of starting up a new program, often delayed or neglected laying careful groundwork for placement because other needs seemed more pressing. The consequence of this delay was a disappointing paucity of supported workers moving on to regular employment. As soon as program operators became aware of the problem and began to pay attention to it, the number of supported workers moving from the program into jobs began to increase. It should not be necessary for a new supported work program to experience these delays. Sites in New Jersey and Wisconsin entering the demonstration during its third year quickly attained placement rates comparable to the other sites.

Although the placement rates shown in Table IV-1 are not particularly high in terms of absolute numbers, the research shows that, at

TABLE IV-1

POSITIVE PLACEMENT RATES FOR SEPTEMBER 1981
BY TARGET GROUP

	<u># OF PLACEMENTS</u>	<u>RATE %</u>
AFDC	537	45.3
EX-OFFENDER	360	41.3
EX-ADDICTS	108	38.8
YOUTH	254	48.6
OTHER	163	42.8
ALL	1422	43.9

least for the AFDC and ex-addict populations, there is a cost/benefit savings to society to be gained from the transition to employment. However, a word of warning must be issued. It is extremely important that program operators not keep pushing for ever higher placement rates at the expense of program principles. It is not just the immediate percentages that matter, but also the longer-term effects: the post-program wages and the kinds of jobs. If participants are hustled through the program into low-skill dead-end jobs, they will be more likely to revert to their pre-program status, and the savings will be lost. That is clearly not the point of supported work.

A local program must have a job development, readiness and placement strategy that is an integral part of the overall program, and that is in full operation months before the first participants are due to graduate. There are many ways to design a placement strategy, but at most programs, job development, readiness and placement have been handled by one person. Often, however, the job could be shared by two people, one to teach job readiness classes and one to move out into the community in search of job openings.

However the tasks are divided, there are three basic methods of job development:

- The hard-sell method, with job developer(s) either calling up potential employers and convincing them that certain job-ready supported workers would make good employees or following up classified ads on behalf of future graduates;
- The client-centered method, which focuses on shoring up the supported worker with counseling, job readiness classes, Life Skills or job clubs;
- The rollover mechanism by which the supported worker is hired by the employer who has served as his or her worksite host.

Since the skills and needs of supported workers vary in terms of job-seeking, a program should try to develop some capacity in each of these areas. Choices of the proportion -- the relative weights -- of techniques, however, depend upon such variables as the local economy and the philosophy of the program director concerning how much the program does for the worker and how much that worker must do on his or her own behalf.

The Hard-Sell Technique

The job developer who uses the cold canvass/hard-sell method serves, in effect, as a salesperson for the program. In fact, the two job developers at the program with the highest placement rates in the demonstration were former salesmen rather than social programmers as is often the case. There are, of course, many ways to go about this process, but certain elements are fairly basic.

A job developer first has to identify the sources of employment in the area, and one effective way to do this is to go through directories such as those put out by either the local Chamber of Commerce, the wholesaler's and manufacturer's association or the Bureau of Labor Statistics. These directories usually list businesses in the area, number of employees, location, product, and who to contact.

The job developer should constantly expand a list of potential employers, as well as maintain contact with employers already on it. Some job developers find that logs help to keep track of the details of each contact and some sort of tickler file helps to keep contacts current. If, for instance, the employer indicates interest, but has no openings at the moment, the job developers should always press for a likely time to

call again, and then be certain to do it. Most have also found it helpful to index the employers either by geographic area or by type or size of business, as well as categorize them according to apparent level of interest. Such a job bank should contain as many employers as the job developer can contact on a regular, frequent basis. The programs where job placement has been most successful make several face-to-face contacts with potential employers each week; job developers also do extensive telephone and/or correspondence follow-up. It must be remembered that supported work competes with several other programs in placing its graduates. While the job developer should not be so persistent as to be annoying, it should be clear that he or she is not going to disappear easily.

Any resources available should be used in developing a job bank, including former business associates and contacts of program staff members, advertisements or word of mouth.

To give an example of how the process can work, one job developer went through the directories mentioned earlier, but contacted only companies employing 100 or more. He preferred manufacturers over wholesalers because they have yearly employment needs, offer a high salary and job security. He kept a card on every company he contacted with the date of each call and a rating system to gauge the company's response (1 = wants to hire graduates; 2 = definite possibilities; 3 = forget it). He tried to make an appointment for some time in the immediate future, but if they put him off, he took them at their word: if they said try again in two weeks, he did exactly that.

On the management side, most of the programs hold an occasional open

house for potential employers during which there are tours of worksites, audiovisual presentations and detailed explanations of the nature and purpose of supported work. Similar presentations can be made at various local business organizations and service clubs. If the program can get its board of directors to lend their names as hosts or to bring business associates to such gatherings, so much the better.

Whatever the form of contact with prospective employers, the job developer must serve as an advocate for the program, the supported workers, and their potential as employees. But this advocacy must be carried off in a business-like manner. The job developer should explain the advantages of hiring a graduating supported worker, and should have the details of the participant's record at hand. Such individualized knowledge is impressive to employers, and makes them feel they are hiring a job-ready person rather than a "program graduate." The job developer can point out that the supported workers' tenure and performance record in the program certify a dependability and experience that a walk-in applicant or a referral from a quick-study employment agency often cannot supply. But in order for the program's backing of these credentials to carry any weight, the job developer, like the supported workers, must respond to the difficult questions with candid and straightforward answers.

It is a tedious, time-consuming and demanding job. The job developer must be practical and industrious, organized yet flexible. A job developer must be thick-skinned enough to accept a high proportion of rejections (not all of them courteous) yet sensitive enough to deal with the supported workers at a time when they might be feeling particularly

insecure. A delicate balance must be maintained, and this requires someone capable of speaking the language of business as well as the language of the street, who should relate to both supported workers and potential employers in such a way that both parties regard him or her as an intermediary.

Client-Centered Techniques

The other half of the job developer's job -- or that part assigned to a second person -- concerns the more client-centered aspects of placement, that is, getting the supported workers ready to apply for, get, and keep the jobs they have been preparing for.

Most of the client-centered elements of job development come under the headings of job readiness or career exploration. They are, in a sense, lessons in How To Get A Job. Some of these programs are designed by the job developers, and others are fairly extensive packages programmed for use under a variety of circumstances.

These programs generally utilize group processes, role-playing, work manuals and videotaped sessions. Included in the price of the package is training for the counselor-teacher who runs the sessions. Its purpose is to teach supported workers how to cope in the outside world, for instance, how to respond to questions like "Do you have a record?" with a direct answer that is truthful but does not offer more information than was asked for. In other words, the answer to the above question is "Yes," not "I did five years for breaking and entering." Not all the programs would favor this approach, but using a pre-packaged course such as this requires the acceptance of the philosophy of the packagers.

In general, whether a program uses a package such as Life Skills or

not, there are job-readiness preparation clinics or courses for those participants assessed as job-ready. These vary a good deal in size, duration, complexity, formality and scope. Topics generally include how to fill out application forms, how to go about obtaining interviews, and how to present oneself once there. Those programs that involve the participants seem to have the greatest success. Actual practice in filling out applications or responding to an interviewer is usually more helpful than listening to a lecture on the kind of information or answers one will have to have.

In one program where the clinic concept is used more extensively and most successfully, the sessions address many issues. One observer of these sessions described them as "a combination of group therapy and self-improvement exercises" that also teach basic job-search skills. The classes meet regularly one morning each week for six months.

A job developer is always working on the self-esteem of the workers; this is treated as an essential part of preparing for and finding a job. The workers are taught that the basics they have learned -- appearance, a good resume, a neat and accurate application, securing an interview -- all are useless if they are unable to convince the interviewer that they are ready for a job. So every week they are given a new application to fill out; each week the filling out takes less time, with fewer errors, and contains more appropriate information. Individual sessions deal with budgeting expenses, preparing resumes, contacting employers and how to follow up. But equal time is spent on self-analysis, role-playing, mock interviews and discussions emphasizing the advantages the graduating supported workers bring to a job as compared to any applicant off the

street. Toward the end of the clinic, videotape is used by some programs to allow participants to see how they look to an interviewer. Finally, former supported workers who have successfully transitioned to unsubsidized jobs are brought in to join in these discussions and to answer questions about their experiences after leaving the program. Several program operators feel that these visits are as useful for the alumni as for the current workers.

One of the demonstration programs that had experienced persistent placement problems, instituted a service called a Program Center. When a person was identified as "being in risk of termination" he or she was sent to the Program Center for pre-termination services: job counseling, job search, application or resume writing, answering employment ads, telephoning to set up interviews and actual interviews. In other words, the full gamut of those services usually offered a job-ready participant, but at an earlier point in the participant's development. They are also given one-to-one counseling and close supervision. One of two results usually occurred: either the supported worker was successful in finding employment through the job search effort, or the supported worker, confronted with the difficulty of finding a job, saw the program in a different light and went back to his or her crew.

Another approach to this phase of placement is called job club. When used correctly, job club can be a very effective tool. Following a period of job readiness training and orientation, participants are brought together -- often literally around a table -- with 10-12 telephones, enough telephone directories -- and sometimes want ads -- to go around, and a counselor to oversee, teach and evaluate the participants

as they make calls seeking interviews for the job openings listed in the ads. One theory has it that having to line up their own interviews is a good experience for the supported workers and makes those interviews -- and the process they represent -- more meaningful. A drawback to this process is that participants can make call after call without turning up a single prospect, and jobs are often filled by word of mouth before they appear in the paper, and this can be discouraging. However the peer support offered by the group setting is very important. It is crucial, therefore, that the job developer keep calling companies in pursuit of appropriate openings: one or two entry-level positions in a large company may not warrant an ad in the paper, but would be a major find for a supported work job developer.

Some governmental agencies have viewed job clubs as the initial step in the job-search process. Several supported work program operators tried this, but found that simply taking people who have either been out of the labor market for an extended time, or have never worked, and giving them what in effect is a high-pressure push into a job, doesn't have very impressive long-term results. What does work, is to use this method following a successful work experience: once people have become stabilized, with supports, on a job, constructive pressure is applied via the job club to move them away from the supports.

Whether for job club where the supported worker will make the eventual call, or as part of regular placement services, when the contacts with the employers take the form of specific inquiries for job openings, the job developer should first try to find out the employer's needs rather than pressing a specific supported worker right away. As

much information as possible about the available position should be learned, including starting wage, job description, qualifications necessary, probationary period (if any), fringe benefits, company policies, vacation and sick time and potential for mobility and wage increases over time. This information will help the applicants in a number of ways. First, the more they know, the more likely they are to be sufficiently interested in applying at all; second, they may be more secure in the interview knowing some of this information in advance; and third, unfortunately, it is sometimes needed as a protection. A number of the programs report that when the supported worker appears for the interview, the interviewer offers a lower wage or fewer benefits than those quoted to the job developer. Similarly, the pressure on a prospective employer can be eased somewhat by sending several candidates to choose from so that the employer does not feel forced to select a specific applicant; this increases the likelihood that someone will be hired.

Program job developers stress the importance of making a good impression on new employer contacts. They try to send their outstanding candidates, particularly if that employer is likely to have subsequent openings appropriate for supported workers. And when an opening is found, they try to get applicants to that potential employer immediately. This quick turnaround, with good applicants, is the kind of program action that fosters repeat placements with a company.

Over the years, supported work programs have tried other techniques to increase placement rates, some more effective than others. Some programs have offered bonuses to graduating workers, an amount of money to be awarded upon securing a job and a further amount after time --

usually 60 or 90 days -- awarded for keeping the job. As an incentive, program operators generally found that the bonus did not make much difference. It did, however, provide a means for follow-up; a worker had to show periodic paycheck stubs in order to receive his or her bonus. This turned out to be a fairly effective way of keeping up-to-date records on program graduates, salary levels, and place of employment. In order to shift both the responsibility and the motivation away from the job developer and to encourage the idea that all program staff are accountable for placements, another program has recently implemented a system in which supervisors are awarded monetary bonus credits for the positive placement of workers under their supervision, and debits for negative departures. At this writing, it is too soon to tell whether this has had an effect.

Other programs subcontracted placement to outside agencies, public, private or profit-making. This was not a very reliable method primarily because the outside agencies were simply not advocates for supported work's population. One important lesson, though, was that no matter what the agency, the contract should be signed on a fee for placement basis (and that fee should be reduced for the supported workers) or else it could become an expense to the program with no purpose or result.

Rollover

The third method of job development and placement is known as rollover: supported workers, although remaining on the program payroll, are placed on a worksite -- either singly or in a crew -- in an outside firm or agency; after attaining a level of performance on the job acceptable to the worksite host, those supported workers are hired (rolled

over) and placed on the permanent payroll of the firm or agency. A contract sets the terms of reimbursement for the program and, if possible, mandates the rollover of the participant when certain requirements are fulfilled. It is an effective mechanism, but one that can be somewhat tricky to implement.

The foremost consideration in using rollover as a placement tool is creating a situation in which the program participant -- even though outstationed -- remains a program participant, that is, can still receive the peer support, graduated stress and close supervision that make up the supported work treatment. If these elements are not provided, there would be no difference between this and a PSE outstation job. These differences must be very clear.

With experience in using the rollover mechanism came improvements in the delivery of the basic services and eventually, several replicable models. One program devised a mechanism in which five or so supported workers were assigned to a place of business -- public or private -- either sprinkled individually throughout the company or working together as a crew. With them at the worksite is a supervisor, and it is this last element that makes the difference. The supported work supervisor takes the pressure off the host supervisor by defining duties, setting both goals and limits, heading off trouble before it gets out of hand, giving feedback and clear and consistent instructions. In other words, the program supervisor is responsible for providing a supported work experience to the participants while guaranteeing a level of quality control to the host. In addition, the supervisor brings together the workers for regular crew meetings where experiences are shared and

grievances aired. These meetings serve as an arena for the peer support that is one of the program's basic elements.

As the work demands are increased and the supported workers begin to perform at a level equal to the company's regular employees, they are considered for openings on the company's payroll. Rollover gives both parties a chance to try each other out. Experience has shown that, in fact, because the prospective employee is familiar with the company and vice versa, this is a far safer bet than hiring someone "off the street."

This mechanism is particularly successful with the AFDC group. AFDC women have by far the highest number of mandatory graduations¹ in the program, and rollover presents a near-perfect fit with their need for protection against the unknown.

Another rollover model used by some programs is to use gradations of worksites to bring about the graduated stress element of the program, starting with crew work on the program's premises or some central location in the beginning, and leading to a single (non-crew) assignment to an outstationed worksite for the express purpose of rolling the participant over into a permanent position.

Programs have to have a variety of worksites anyway, so this can be accomplished in several ways. One program had a contract with a city-wide day-care agency where a supported work crew began first at the main day-care center and then, after five or six months, depending on the needs of individual crew members, the participants were placed -- still

¹ Mandatory graduation occurs when a participant has stayed in the program for the maximum allowable time but does not yet have a permanent job. Participants must leave the program at this time, and many do find jobs shortly thereafter.

as supported workers -- individually at one of the agency's satellite centers. There they were brought up to the performance level of the center's regular employees and eventually, as openings occurred, hired.

Placement, then, no matter what technique is used to accomplish it, is the point of supported work, and the clearest way to measure the program's success. The early demonstration experience proved that this point had to be built into the very philosophy of a supported work program, and the burden of that responsibility should pervade every level, participants, job development staff, worksite supervisors. Over time, later program experience succeeded in devising methods of achieving this goal that, through trial and error during the demonstration period, resulted in replicable models for a program operator -- rural or urban -- to successfully use to place supported workers in unsubsidized jobs.

CHAPTER V

ORGANIZATION AND MANAGEMENT

A supported work program is similar in some key ways to a for-profit conglomerate: it operates several different and self-contained work activities and initiates, expands, contracts and closes down each activity according to the demand of the market and the success of the particular activity in meeting the organizational goals.

Developing and managing a conglomerate -- even a supported work mini-conglomerate -- is a difficult and demanding job. Supported work further complicates the matter by hiring as its primary workforce only persons with little or no employment experience and poor prospects in the regular job market, and requires that those who do become dependable, productive employees be transitioned to a regular job. In short, a supported work program of necessity performs many of the business activities of a for-profit business conglomerate -- and must perform them reasonably well to survive -- but is in the end judged on its ability to assist its employees in leaving the company and moving on to regular, unsubsidized jobs. Given the complex and demanding nature of operating a supported work program, questions naturally arise concerning the organizational setup most suitable to the task.

The programs in the national demonstration operated in a variety of ways: several were distinct operating divisions of existing local non-profit agencies such as an Urban League chapter, a Community Action Program, a Spanish-Speaking Unity Council, or an AFL-CIO Human Resource Development Foundation chapter; one began as part of a city agency; the

majority were new, nonprofit corporations created under the auspices of local or state governments, but independent of their control. Each of these approaches had its own set of strengths and weaknesses, and, given the right set of circumstances and people, it is possible to operate a successful program (or an unsuccessful one) under any one of them, or others. The following discussion lays out some of the factors to consider in deciding on a particular local organizational setup.

Governmental Agencies

Supported work is a relatively small program that requires intense and skilled resources. Its size, and its similarities to a small business operation are but two of the factors that make operating supported work as part of a governmental agency more difficult than might appear at first glance. The appropriate agencies -- CETA, social service, criminal justice -- are usually large, and serve a fairly broad clientele in various ways. Because of this, they offer both advantages and disadvantages to a supported work program. In their favor, they usually provide a range of ancillary services, established managerial systems thus decreasing start-up costs, linkages with other local manpower organizations, and a reliable flow of funds, as well as more leverage in obtaining local funding. However, a supported work program undertaken with the expectation that it will pose similar or equivalent issues, tasks and workload to those of other agency programs will more than likely end up as a disappointment and a nuisance to agency staff and leadership. Entrenched bureaucratic policies -- such as extensive paperwork requirements for the purchase of supplies and equipment -- may impede supported work progress and distract agency personnel from routine

procedures. For instance, a situation could arise in which a worksite was ready to start up. Workers were ready but no supplies were on hand because of purchase orders, approvals or other delays. The program's revenue-producing worksite development requires considerable entrepreneurial skill and high-level staff time. Building in the peer support, graduated stress and close supervision elements requires considerable staff and management ongoing effort and creativity.

However, a public agency whose leadership understands and actively supports the activities and integrity of the program can overcome these liabilities. After the demonstration was three years underway, New Jersey state officials, convinced of the usefulness of supported work by the performance of the two demonstration sites in New Jersey, decided to commit state funds to add several more supported work programs in the state. They determined that the expansion would take place through local CETA agencies. State officials evaluated the CETA agencies and selected eight as having the necessary experience, competence and capacity. After an initial briefing session, four of these local agencies indicated no interest in the undertaking. Several said the program was "too complex." Of the remaining four, three completed the planning process satisfactorily and began operating programs. Two chose to operate the program as a separately staffed unit of the CETA agency, and the other set up an independent nonprofit corporation. All three have, at the time of this writing, implemented their programs with minimum difficulty. The careful selection, orientation and planning process and commitment from local agency leadership all played critical roles in this successful use of local government agencies as supported work program developers and ,

in two cases, operators.

If the obstacles to operating supported work as part of a larger entity can be resolved, the program stands a better chance of becoming a stable part of the local employment and training programming; a public agency actually performing program development and implementation is more likely to provide the resources and time necessary that it might find intolerable in a subcontractor. Also, interested agency leadership can use its awareness of local development and local interests to create both usefulness and opportunity for the supported work program. For example, the New York City program placed supervisors and supported work crews in the main public library to perform a variety of librarian, administrative and custodial tasks. Library staff trained them. This worksite was developed when funding was inadequate to keep the library open on week-nights and Saturdays. Many of the workers on this site later got transition jobs in libraries or other parts of the book industry.

Newly Created Nonprofit Corporations

The important thing is to be realistic about this option and to realize that relatively small, complex and specialized programs are most susceptible to buffeting by the ordinary workings of a typical bureaucracy.

Setting up an independent, nonprofit corporation was a fairly common approach used in the national demonstration to operate the supported work programs. These nonprofits were set up with the blessing of the local or state government that desired to participate in the national demonstration, but they were, for the most part, thereafter viewed by the sponsors as independent operating agencies not under the direct control of the sponsoring local government. Each new corporation developed a board of

directors to whom it was responsible, and this board usually consisted of a combination of local labor, business, social agency, political and community leaders. This approach presumably guaranteed the independence needed for the entrepreneurial aspect of supported work while retaining enough of a tie to the sponsoring agency to give the program a somewhat "favored" status in getting local monies, working through bureaucracies and being informed of new work areas that would be mutually beneficial to both local government and the supported work program.

The entrepreneurial part of the equation turned out largely as presumed: those programs that have developed the most "private-sector"-like worksites (e.g., tire recapping, gas station and auto garage, furniture design and construction, boat-building) are consistently the independent nonprofits. These nonprofits also developed more, and more innovative, worksite arrangements with the private sector.

The relative uniqueness of the worksites' development conducted by the nonprofits is largely attributable to three factors. First, the nonprofit agencies seemed to attract more staff with entrepreneurial and business backgrounds. Second, being relatively small and out of the limelight of regular public agency business, they could undertake higher risk ventures. Third, they were not impeded in the hiring of staff, purchasing of materials and implementing of plans by the procedures and layers of approval usually present in a public agency.

This "entrepreneurial flair" approach is a tempting one, and it does produce worksites which are, in many cases, more interesting not only to the program observer or monitor but to the participant as well. However, it is an approach that, if taken, must be based on the skills and experi-

ence of program management, and not on the hopes and dreams of program planners. The three programs closed down during the demonstration were all nonprofits, and all had ambitious revenue-producing worksite plans which they could not manage. In addition, a number of more interesting and skilled worksites initially set production standards higher than was reasonable for the workforce, got locked into deadline production contracts and found it difficult to put adequate resources into developing and structuring the basic supported work elements into their programs. Greater attendance problems, resignation and termination rates were the result.

Thus the use of a sole-purpose nonprofit to develop and operate supported work should be based on unique worksite opportunities known to the planners, and the availability of particularly innovative personnel. Simply setting up a nonprofit to operate supported work will not necessarily produce a more innovative or better program. It will cut through a lot of red tape, if that is necessary; it will concomitantly create the need for an active local board of directors for oversight and the assurance of adequate fiscal systems and controls. It will require an especially skilled and active director, since the tasks of fundraising and public relations will be two of his or her primary responsibilities, whereas these tasks are shared with parent agency staff in the other institutional arrangements discussed in this chapter. It will require the ongoing development and maintenance of relationships with key local groups and agencies so that independence does not turn out to be isolation.

Existing Nonprofit Organizations

The other approach most utilized in the national demonstration was to have an existing local nonprofit agency involved in employment or other social benefit programs set up supported work as an operating division of the parent agency or as a nonprofit corporation controlled by the parent agency. This approach had the advantage of allowing the supported work staff to focus its efforts on program management and operations, and having some of the burden of fund raising and public relations taken on by parent agency staff, who are often experienced and skilled at these tasks. This is one of the primary advantages of such an arrangement, and it gives the program the opportunity to concentrate the necessary resources on the development and implementation of supported work program elements and techniques. This arrangement often also ensures greater cash flow stability and a more careful local oversight of program expenditures, since the parent agency usually takes on some responsibility for fiscal systems and audits. Such agencies are usually experienced in the development of special programs for the severely disadvantaged, and during the demonstration, three programs operated by such agencies (a National Urban League chapter, a Community Action Agency and a Spanish-Speaking Unity Council chapter) utilized their experience and resources to implement the major supported work program elements in particularly creative and effective ways. The "Program Elements" chapter illustrates some of these techniques. All four of the demonstration sites that operated as parts of existing nonprofit agencies performed closer to contract standards than did their sole-purpose nonprofit counterparts.

There are, naturally, several disadvantages to this kind of arrangement. One is that the parent agency usually has other programs and interests besides supported work, so that on occasion, new funding sources, worksites or institutional relationships that would be appropriate for supported work are not utilized for supported work. This disadvantage is an inevitable by-product of a parent agency arrangement and, though it may cause some disappointment, is just the price of doing business this way. The compensation is, of course, that the parent agency may obtain types of funding, worksites and relationships for the supported work program that an independent supported work corporation could not secure on its own.

More severe disadvantages to this kind of arrangement can arise when the parent agency is so small that the supported work program quickly becomes its dominant program, causing the parent agency staff to behave not like an oversight and policy guidance agency, but rather like another layer of program management, or tries to use the supported work program to further the success of another program it is more interested in and dedicated to. Both these situations arose in the national demonstration, and in each case, the supported work program eventually split off and functioned as an independent nonprofit corporation. *

The success of the parent agency approach depends largely on the existence of a competent, interested, experienced agency -- one whose leadership is interested in supported work, but whose other program interests are such that supported work will be allowed to develop according to its program principles and needs. This approach usually provides visibility in the political and community interest-group sectors. It

will rarely produce the number of innovative worksites or poor management decisions of the free-standing nonprofits nor quite the funding and institutional stability or bureaucratic entanglements of a local governmental agency. It is "the middle way," but an excellent way to go if it is locally available.

Although demonstration experience has ruled out the feasibility of operating a supported work program as a free-standing for-profit corporation, it should be noted that no program to date has been operated as a subsidiary unit of a for-profit corporation. As stated earlier, it is possible, given the right set of circumstances and personnel, for any of the above arrangements -- or even others -- to work.

Board of Directors and Advisory Committees

No matter what the institutional arrangement, it is advisable for a supported work program to have a board of directors (if it is set up as a nonprofit corporation) or an advisory committee. This group will be composed of citizens who represent local interests most affected by or most involved in the supported work programs, and who, as individuals, are supportive of the program. It will generally be composed of representatives from organized labor, business, banking, legal, interested community groups, governmental agencies and any special areas of expertise or knowledge that the program requires.

This group, composed usually of persons with already busy careers, will not and should not be expected to function as an active oversight or management agency. Its value is more in providing advice as to what kind of activities would be valuable to the local community; inroads to getting involved in those activities; early warning as to the kinds of

sectors of the local community; assistance in resolving problems that do arise; and, for a free-standing nonprofit, evaluation of program fiscal and top management staff performance and community response.

To get this value from the board or advisory committee is largely the responsibility of the program director, and, based on the experience of the national demonstration, is not easy to achieve. The ability to utilize this group properly falls into several general categories:

1. The board or advisory committee must be appropriately informed as to the program's activities. This sounds easy enough, but in fact involves careful planning and forethought by the director. Busy people do not have the time, capacity or interest to absorb all the activities of the program. Several programs so inundated their boards with material that the boards vacillated between being overly involved in operational details and simply not paying attention to the massive amount of materials submitted, and thus not noticing the issues that did deserve their attention. Other directors gave only oral presentations of program activities, only to find that they ended up with uninvolved boards unwilling to expend much effort in helping the program when that help was needed.

The most useful and productive approach is to prepare brief written summaries of program activities that highlight those issues of general interest and those of interest to specific members. Sending these materials out in advance of the monthly or bimonthly board meeting, with notes pointing out to individual members issues of particular interest, is one way to promote active involvement of the board.

2. The board or committee must develop some general guidelines as to what kinds of activities require its formal review and approval. Most boards want to approve contracts or grants over a specified amount, any program or staff expansion, new worksite ventures and capital or equipment expenditures above a certain amount. The program director can usually guide the board in this process by suggesting those matters which should receive regular board or committee review. Although review can lead to setbacks, it ensures an active, involved board, a discussion of key issues from various perspectives and a board more likely to assist the program when activities it has approved run into problems. Defining key areas of board interest also can serve as boundaries against too much meddling in day-to-day affairs, and serve to aid in forming sub-committee areas or seeking appropriate new members.

This issue of defining a board's areas of responsibility and decision-making plagues even large, well-established for-profit companies, and has caused several companies over the past few years to develop "job descriptions" for their board.

3. The board or committee must have some established criteria by which to evaluate the program's performance. Again, a savvy program director will take the initiative in this process and in so doing, clarify for him- or herself and the board the key performance indicators. Doing this also helps define the kind of program activities about which the board must be kept informed. Chapter VI outlines some performance indicators which MDRC found useful in evaluating the national demonstration programs and included in its

annual contracts with the local operating agencies.

Management Structure and Staffing

Effective management structure and personnel are key items in the successful functioning of any organization, and supported work is no exception. However, because a supported work program does not, by definition, have the requisite stability at the bottom of the workforce, a typical hierarchical structure is impossible. More so than traditional organizations, the buck really does stop with the director of a supported work program. No matter what form the structure takes -- and it can take various forms and include different titles -- the director must provide accountability, oversight and review. Beyond that, the structure must adequately allow the major functions or tasks of the program to be performed: intake (outreach, interviewing, eligibility verification, hiring processing, orientation and job assignment); worksite development, worksite implementation, coordination and supervision; grant development, negotiation and reporting; fiscal accounting, reporting and internal controls; internal record-keeping and reporting; job readiness development and placement services; overall program guidance and control. It is the director who must hold it all together.

The programs in the national demonstration developed a variety of structures to account for these tasks and any others peculiar to their local situation. There is no inherent magic in any of them; each developed as the needs and direction of the program became clearer over time. Whatever organizational structure is used, however, the following issues pertinent to a supported work organization and its management are

bound to arise:

- The selection of a program director is of course key to the program's implementation. Unsurprisingly the demonstration uncovered no obvious criteria to aid in the selection of the "right person." Individuals with private sector or public sector, administrative or operational, client group or not backgrounds succeeded, failed and struggled at about the same rates. Those that succeeded had a clear view of the kind of program they wanted, which usually coincided with their already-developed skills; even that generality does not account for vast differences in management skills among the directors, regardless of the clarity of their views. Perhaps the best indicator of the necessary management skills initially required is a previously successful experience in the development of an operating entity, either private or public sector, in addition to some political expertise, since the success of a supported work program is often dependent upon the political winds at all levels. Throughout the five year demonstration, seven of the fifteen programs changed top management in response to performance problems; three of them changed leadership more than once. In four of the seven programs where leadership changed, that change provided the impetus to better performance, and continued participation in the demonstration.
- Not only must worksites be developed and operated to work; they must also be implemented to provide the key supported work elements. The worksite development function is a critical one

beyond its revenue potential and operating efficiency, and the director must make certain that program integrity is maintained at each worksite. Since the key program elements often interfere with the development of attractive worksites or the efficiency of their production capacity, they are easy for staff to overlook in carrying out their separate functions. The director is responsible for ensuring the integrity of the program and therefore must be responsible for seeing that all worksites are supported worksites. One program created a staff committee on worksite development, composed of the controller, operations director and job development specialist, whose task it was to review all proposed worksites for their fiscal and operational soundness, transition potential and use of supported work elements. Any disagreement within the committee was resolved by the program director. Most program directors stay intimately involved with the worksite development process, regardless of who is directly responsible.

• The success with which the job readiness, development and placement functions are carried out is in some respects "the bottom line" of a supported work program's performance. It is easy, particularly in the early months of program start-up, to put these tasks aside on the grounds that it will be many months before supported workers are ready to use them; besides, organization building, worksite development and operation and ongoing contact with funding agencies constitute full-time chores. Demonstration experience was that such delaying was

usually regretted. Some supported workers are ready for job transition after four or five months of supported work. Developing non-supported jobs and contacts are not easy tasks, particularly in their initial stages, and need some lead time before results are available. Consequently, even though supported workers are generally not available for placement in the early months of operation, the director's focus on how and by whom the tasks of job readiness, development and placement will be performed must be one of priority. The chapter on transition explores this task more fully.

- A supported work program is perpetually balancing its sometimes conflicting programmatic, individual development and business operation and productivity goals. Many program observers, and program directors themselves, have noted that this tension is a useful one: it restrains the program from becoming too business-like, by pressuring participants with production deadlines and revenue achievement, and neglecting its graduated stress and developmental goals, or too ancillary service and individual problem-oriented -- in other words, a psychotherapy program -- reducing the program's approximation of an unsupported job and the participants' chances for successful transition. This tension is discussed and debated at the management level, as it should be, but is experienced most directly at the supervisor level. The quality of any participant's supported work experience is determined by program management personnel, whatever organizational structure they

have created, and how the individual supervisor carries out the program's purpose. Thus the organizational structure should allow, through training, on-site monitoring, reporting and staff committee and meeting mechanisms, the opportunity for information and ideas on how the program is being implemented, and how it could better be implemented, to flow openly in the organizational structure. An overly-hierarchical structure of staff and supervisor communication will probably isolate and demoralize worksite supervisors and prevent management staff from knowing the actual content and quality of the program they are managing.

Most directors reserve some time each week to visit worksites, and many arrange regular meetings with their worksite supervisors to discuss problems and possible solutions. This kind of contact is usually informative for the director, sometimes produces substantive decisions and is always important as an indication to worksite supervisors that the program director is well aware of and concerned with what's going on at the worksites.

- No matter how entrepreneurial and business-like a program's operations and worksites, it is usually primarily supported by public funds. Proper fiscal procedures and decision-making process for expenditures and payments, ongoing mechanisms for management monitoring of these procedures and decisions and regular certified audits are all necessary components for a proper use and accounting of public funds. MDRC has produced a

handbook of fiscal guidelines and procedures applicable to a supported work program, and a basic checklist for directors to use in reviewing the fiscal system with the controller. The program director, particularly of a newly-created nonprofit with local agency oversight or assistance, must be aware of the need for fiscal systems that he or she can basically understand and monitor. In a publicly-funded program, the proper use of and accounting for funds, and acceptable proof thereof, are critical.

Management of supported work is similar to that of any organization in that delegation, span of control and job tasks must be properly defined and integrated; organizational and individual performance goals must be adequately shaped, monitored, evaluated and reshaped; internal systems of decision-making, communication and information flow must be established to maximize the supported work organization's chances of meeting its goals. There are numerous management training and system books, courses and packages which deal with these general issues, and most of them developed by established business training organizations, like the American Management Association, provide adequate general guidance.

However, supported work also requires management personnel dedicated to the social goals of the program. It is those goals, and the workforce they represent, that compound the difficult task of running a mini-conglomerate, and provide management with its most troublesome dilemmas and its greatest satisfactions.

CHAPTER VI

PERFORMANCE CRITERIA

The preceding chapters have addressed many of the crucial planning and implementation issues to be dealt with in setting up and operating a supported work program. This chapter lays out some of the major criteria to use in evaluating program performance. It is based on the actual performance of the demonstration sites over a six-year period.

MDRC used these performance criteria in developing annual contracts with the local operating sites, and to a significant degree used the fulfillment of performance goals as a factor to be considered in its decision on whether and in what amount to continue investing national funds in individual operating sites. (A sample policy follows this chapter.) Thus the careful formulation of goals under these various criteria, and reviews of actual performance against those goals, are a critical part of the process of ensuring that funds invested in supported work are achieving appropriate results.

However, there are several caveats to using quantifiable indicators in evaluating program performance. First, there must be a sound information-producing system, which inputs and outputs reliable data. System development, training of local staff for use and quality control processes must be carefully set up and periodically reviewed if the setting and evaluation of quantifiable indicators is to have even a minimal threshold of usefulness. Second, there are various trade-offs among quantifiable goals, and quality considerations underlying raw numbers, which are either impossible or simply too unwieldy to quantify but which

play an important part of evaluating program performance. For example: a higher placement rate can be achieved by placing graduating supported workers into low-wage jobs with high turnover rates, or by placing supported workers in available jobs when in truth they are not ready for such placements. Or, it is possible to lower public costs by pushing production of worksite revenues at the expense of the supported work programmatic elements -- which is usually attended by a high early termination rate.

Thus it is important that the various goals be seen in relation to one another, and in relation to supported work's ultimate purpose of providing participants with the habits, attitudes and experience which will allow them to obtain and maintain regular jobs. MDRC's experience has been that the quantifiable indicators are most useful in conjunction with regular on-site evaluations of the various key aspects of a program's regular functioning. For instance, in addition to positive placement rates and their use as an indicator of program performance, negative termination rates -- although not a measure of anything quantifiable -- also indicate something about program performance, and must be watched. It is not the point of supported work to fire most of its participants, so a program with high negative termination rates may be doing something wrong. Neutral rates, on the other hand, particularly when associated with AFDC participants, are usually justifiable because that population often encounters health problems, family complexities that preclude work, or child care problems. It is the negative rates that should signal trouble with the program.

Table VI-1 lays out the demonstration performance under each major

TABLE IV-1

KEY PERFORMANCE CRITERIA: 1980

	AFDC	EX-OFFENDERS	EX-ADDICTS	YOUTHS	TOTAL
PLACEMENT					
AVERAGE PLACEMENT WAGE	41.7%	31.5%	36.2%	28.8%	34.7%
	\$ 3.75	\$ 4.15	\$ 4.42	\$ 3.71	\$ 3.92
PUBLIC SUBSIDY PER PERSON YEAR	—	—	—	—	\$10,700
PUBLIC SUBSIDY PER PARTICIPANT	\$6,866	\$4,369	\$5,350	\$5,617	\$5,439
SWER WAGES AS % OF PUBLIC FUNDS	—	—	—	—	66%
WORKSITE REVENUES AS % OF WORKSITE COSTS	—	—	—	—	125%
WORKSITE REVENUES AS % OF TOTAL REVENUES	—	—	—	—	25%
WORKSITE ATTENDANCE	82.0%	76.9%	76.0%	71.8%	78.8%
OVERALL ATTENDANCE	87.9%	82.3%	85.5%	77.0%	84.1%
NEGATIVE TERMINATIONS	19.1%	40.0%	31.4%	37.3%	31.9%

criterion, by target group, in 1980.

Placement

During the last five years, the programs have demonstrated that job readiness training and activities are most effective if begun several months in advance of the anticipated placement date. The first six months of the operational program are, actually, just barely sufficient time in which to lay the groundwork for permanent placements: informing the community, beginning job readiness preparation classes and activities for the participants, meeting with potential employers, and the like. The actual techniques and strategies for the placement of supported workers into regular unsubsidized jobs are discussed in depth in Chapter IV.

The placement rate for the national demonstration sites was calculated by dividing for a given time period the number of supported workers placed in unsubsidized jobs by the total number of departures from the program (for any reason). This is a tough standard, but it assures an honest accounting of program success in accomplishing its ultimate goal.

The placement rate will, by virtue of the way it is calculated, get off to a bad start in the first few months of operations. This is because dropouts and terminations in the initial months of program operation will not be offset by positive departures. It is all the more important, therefore, to have the placement apparatus ready early, so that this early statistical imbalance is not exacerbated by an actual low placement rate for the initial group of job-ready workers.

The quality of individual placements, as well as the overall rate,

should be carefully monitored by the program management staff, to ensure that the jobs being obtained are not short-term, high turnover minimum wage jobs. During the course of the national demonstration, most of the jobs obtained by supported workers have been entry-level jobs with wages from 20 to 25 percent above the minimum wage. With the exception of rollover placements, they have not generally been related to the type of job the participant had during his or her program stay.

There are substantial variations in unsubsidized job placement performance from target group to target group, the AFDC recipients having had the best performance to date. During the first six months of 1980, the AFDC placement rate to regular, unsubsidized jobs was 41.7 percent. Ex-offenders and ex-addicts had placement rates of 31.5 and 36.2 percent, respectively, and youths 28.8 percent. A new site should be able to achieve these rates by the end of 12-15 months of operation.

Cost

As with the start-up of any organization, profit or nonprofit, the cost of a supported work program during the early months is high relative to its product or observable accomplishments. Many of the administrative and operational staff must come on board early to assist in planning, organizational and other early implementation tasks before supported workers are actually hired; equipment and other one-time expenses are assumed during this period; and supported workers are enrolled according to a gradual phase-in plan, so that the percentage of program expenses going to supported worker wages is at its lowest during the early months. It is critical that the program director push hard to get through this early period as quickly as possible so that the program

can proceed to operate within sensible, cost-efficient parameters. By the end of the third quarter of operations a supported work program should be operating within the cost standards set forth below and in Table IV-1.

Public Subsidy Cost Per Person-Year. It is likely that one of the primary reasons why supported work gained a reputation early on for being a high cost program was because of the person-year cost unit of measurement, not because of particularly high costs. Person-year cost does not measure the cost per participant, as many programs currently do, but the cost of maintaining one active worksite slot over a 12 month period. The actual slot might be filled with one, two, three or more consecutive participants during that 12 month period, depending upon the workers' length of stay.

This unit of measurement is a very useful management tool. It offers no benefits to local operations for moving participants through the program quickly. Supported work is designed to deal with participants sufficiently disadvantaged that some may in fact require the full 12 months of program participation before they are ready for a regular job. Thus, as a management tool, this measurement offers no incentive for programs to push workers out too soon or to fire difficult workers before working with them to the fullest extent possible, in order to look better in cost terms.

The public subsidy per person year is arrived at by subtracting service project revenues from total revenues (leaving "unearned" public funds) and dividing that number by the number of person-years for the same time period. By excluding the revenues received by the program for

goods and services rendered, it indicates solely the public grant funds required to operate the supported work program. The excluded service project revenue is revenue acquired for work performed. There is considerable incentive for local programs to attempt to earn more worksite revenues in order to lower the cost to public resources. Over the course of the demonstration worksite revenues increased from 13 to 25 percent of total revenues. Even this twofold increase underestimated the significance of the amounts earned since the total demonstration program went from nine to \$36 million during the six years of the demonstration.

The average public subsidy cost per person-year is currently \$10,700. During the first operating year, the public subsidy cost will probably be anywhere from \$500 to \$2500 higher than this, because of the gradual phasing in of participants, some up-front non-recurring implementation costs and the difficulties in serving revenue-producing contracts for an organization with no track record. New programs can expect to be on target with respect to this cost by the 15th month of operation, however.

The demonstration supported work programs are operated either by discrete organizations, solely involved in the operation of supported work, or in a few cases by separate units of larger organizations. The public subsidy figure is therefore inclusive; there are no hidden costs, such as unallocated overhead expenses, which do not show up in the fiscal reports. It should also be noted, given that the participants are severely disadvantaged, that this \$10,700 cost is not particularly high. The 1980 public cost for a Title VI slot is estimated at \$11,300.

The \$10,700 figure is of course an average; some programs' costs

are as low as \$9,000 and others as high as \$12,000. Most of these differences are related to the intensity of supervision, the kind of worksites operated, and the level of local grant resources generated compared with service project revenues. Most programs above the average have high costs because of local funding of and interest in worksites which are more expensive to operate. For example, one local program has a public subsidy cost of over \$12,000 because the local community granted the program a combination of Community Development (CD) and CETA funds to do housing rehabilitation where it was most needed in the inner city. Construction worksites are always expensive, because of the unavoidable expenses incurred for equipment and supply costs; the grants also specified professionally qualified supervision, at a ratio of one supervisor to five supported workers. In this case, the program's high cost was justified, since it was not the result of poor or inefficient management but of the inevitable costs incurred by an operator of a high cost construction project, which had community backing.

Cost Per Participant

Allocation of Public Funds to Worker Wages. A major cause of higher than average public subsidy cost is often high attendance rates, which cause higher participant wages per participant year. Clearly costs should not be measured exclusively in such a way as to penalize the programs doing well in this regard. Therefore, the percentage of public funds directly applicable to worker wages and fringe benefits has been used as a supplement to the public subsidy measure.

The absolute minimum percentage for this measure should be between 55-60 percent. The current national average is about 66 percent; some

programs achieve as high as 80 percent. While performance may be somewhat low in the first three quarters of program implementation, it should improve to standard by the end of the first operating year.

The two cost measures discussed above are the major cost indicators for supported work. If they are running at or better than the specified goal, or have soundly justifiable reasons for being above the goal, the other subsidiary, more detailed cost indicators will, by definition, be met. Outlined below are the subsidiary cost indicators used to evaluate supported work programs and to help pinpoint particular program deficiencies. As these indicators can vary justifiably for a variety of reasons, an acceptable range is provided for each indicator.

Staff. This measure is obtained by calculating the percentage of management, administration and service staff costs of the total program expenses. All program staff, both central administrative and those who deliver services directly to the participants (e.g., counselors and job developers) should be included; only worksite supervisory staff are excluded. Goal: 13 to 18 percent of total costs.

Total Administrative Costs. This measure, total management costs as a percentage of total program costs, includes all those management staff cited above, plus office occupancy and equipment costs, insurance, bonding, auditing, legal, consultant, and travel expenses. Goal: 20 to 30 percent.

Worksite Supervision. Worksite supervisors' salaries and fringe benefits as a percentage of total expenses. Excessive trimming of costs should be guarded against in this area, to avoid an inadequate ratio of supervisors to participants. Goal: 7 to 14 percent.

Worksite Costs and Revenues. This measure is calculated as a ratio of worksite revenues earned to worksite costs incurred, for each individual worksite. While an aggregate ratio may be a useful indicator of how the program is doing overall, only a worksite-by-worksite breakdown will expose those worksites whose costs are entirely out of line with revenues. As with the public subsidy cost, there may be some few worksites whose programmatic merits outweigh this cost measure. Revenues include all service project revenues; the costs include all worksite-related expenses (e.g., supervisory salaries and fringe benefits, technical consultants, ancillary services, transportation, equipment and materials), excepting participant wages and fringe benefits. The rationale for excluding worker wages from this measure is that these costs are reimbursed by the local CETA grants. The goal is to cover at least 100 percent of a worksite's costs with the revenues earned.

Attendance

Two different measures of attendance performance have been used in the supported work demonstration: the first, pertaining to attendance at the worksite, the second, an overall attendance rate. Worksite attendance (time spent actually working on the job divided by total potential paid time) shows the actual work time. The overall rate excludes "known," or scheduled, absences from the potential paid time and then total time present is divided by this discounted potential paid time; this formula yields a truer picture of the overall attendance patterns of the supported workers. If both rates are available, the difference between the two shows time spent in ancillary services.

In contrast with most of the performance criteria listed above,

attendance performance can and should be up to goal virtually immediately. Worksite attendance should be above 75 percent, unless considerable ancillary service time is recorded for the same period. (Ancillary service time averaged less than 5 percent at most of the sites.) The overall attendance rate should be 85 percent. As with placement, better performance can be expected of the AFDC participants than the other target groups; youths have the least good performance.

Attendance is one of the earliest and most sensitive indicators of the program's participant-related performance. As such, it should be monitored closely by the program management staff and used as an early warning signal for potential worksite problems. When the attendance rate drops, the best course of action is to scrutinize the attendance data by worksite and/or crew to locate the problem area. Once this area is established, management staff will have to assess whether the problem is being caused by the type of work, the supervisor, the equipment available (or lack thereof), or the crew itself. (For a fuller discussion of these issues, refer to Chapter III.)

Enrollment Level

The supported work programs use both slot level and "person year" goals. The overall enrollment level is a straightforward accounting of the number of slots in the program. The person-year figure is a measure of the maintenance of active slots over a 12 month period; several different participants will fill the actual slot during that period, as the average length of stay for supported workers is just over six months. If the program's enrollment level is quite stable during the year, the two measures will be very close. During a period of expansion or con-

traction, however, they will differ. The number of person-years is obtained by dividing the sum of the average number of workers in each month of the year by 12. If a program employs an average of 30 workers in the first three months, 50 in the second three, 65 in the third and 80 in the fourth, for example, the sum of the average number of workers for the year is 675. When divided by 12, the result is 56 person-years. To obtain person-years for less than a year, the average figure should still be divided by 12. The person-year figure is used primarily for the calculation of the public subsidy cost, discussed above.

Appropriate program size cannot be prescribed in the same manner as the other goals discussed above, because it is so dependent upon local conditions. Each program will have to maintain a balance between: the amount of funding available; the number of eligible participants it is able to recruit from the community; the staffing and management structure that has been established; and the type and number of worksites that can be developed.

Currently, the average program size is about 100 to 110 participants. At the end of the first operating year, the expansion sites' size was just under 85 supported workers. They reached this size in quarterly increments: 30-35 in the first, 55-60 in the second, and 75-80 in the third, on the average. The average person-years worked at the expansion sites that year was about 60 to 65.

Worksite Quality

Of chief importance, in addition to the quantitative goals discussed above, is the maintenance of quality worksites for the supported workers. The best way to monitor and manage this crucial aspect of the program is

for top management, including the program director, to make frequent unscheduled worksite visits. No program is so reliably good that such a technique is unnecessary. The best strategies for effective and efficient worksite monitoring are discussed in detail in the worksites chapter.

* * *

The performance criteria and goals outlined in this chapter are by no means exhaustive. Each program will have to construct some criteria of its own, either for internal purposes, or because of the demands made by various local funding agencies. The goals should be reasonable, but demanding. Even more important, however, is that the evaluation of performance against all of the goals be realistic. Ready acceptance of the many available excuses and explanations will not, in the long run, serve the program well.

STATEMENT OF SCOPE OF WORK

(Performance Indicators)

Contractor agrees to implement the supported work program described in Exhibit I as modified and clarified by the following paragraphs and attachments:

1. Contractor agrees to establish during the contract period an average of 80 active supported work positions, using its best efforts to establish such positions in accordance with the employment level schedule attached hereto as Exhibit II(a). On average 30 of these shall be filled by AFDC, 15 by ex-addicts, 20 by ex-offenders and 15 by recovering alcoholics.

2. Contractor agrees not to exceed at any time during this Agreement, 90 active supported worker positions without the approval of MDRC. Contractor also understands that it may not exceed the maximum approved level for any specific target group, excepting the AFDC target group, as specified in Exhibit II(a), without the consent of MDRC.

3. All supported workers shall meet the criteria for eligibility attached hereto as Exhibit II(b). Contractor agrees that no changes in eligibility criteria will be implemented without prior approval by MDRC.

4. (a) Contractor agrees to implement the wage and bonus policy described in Exhibit II(c) and will implement no variation therefrom without the prior written approval of MDRC. Crew chiefs will receive hourly wages at a rate of no more than 10% above that of crew members.

(b) Contractor agrees that all program participants will be paid their wages and bonuses directly by the Contractor, and will be subject only to the wage, bonus, personnel and other program policies of the Contractor. Any exceptions must be agreed to in writing by MDRC.

5. (a) As of the date of this contract MDRC has approved the following worksites at the specified range of supported workers:

Parkway Maintenance	8-12
Atlantic County Bldg. Maintenance	12-17
Atlantic City Medical Center	2-4
F.A.A. Tech. Center Landscape/ Maintenance	3-5
SWP security, clerical and maintenance	5-7
Silkscreening	4-6
Atlantic City Bd. of Ed. Maintenance	5-7
Atlantic City Bd. of Ed. Clerical	6-9
Seashore Gardens	8-9
Temporary Clerical Service	10-13
Unassigned	3-4

(b) The Contractor shall, before implementing any new worksite, submit to MDRC a written statement describing in detail the work tasks of such worksite, its conformance to MDRC worksite guidelines, projected monthly manning levels for the duration of the worksite, and a worksite budget. Written consent from MDRC must be obtained before implementation of any new worksite. Written consent from MDRC must also be obtained before the number of supported workers at an existing approved worksite is increased or decreased.

6. Contractor agrees to implement the ancillary service policy described in Exhibit II(d). Any variation from that policy requires the prior written approval of MDRC.

7. (a) Contractor understands and agrees that supported workers' successful transition to and maintenance of unsubsidized jobs is the primary goal of supported work. Contractor agrees to use its best efforts to ensure that 40% of all supported workers who terminate from the program for any reason shall be placed in non-subsidized employment.

(b) Contractor agrees (1) to terminate the employment of any participant who has completed 2,000 hours of paid employment and (2) that no participant will be permitted to remain in the program beyond the 15th month from the date of hiring.

8. Contractor agrees to use its best efforts to ensure that AFDC and ex-addicts shall have an attendance rate of at least 85% of total scheduled time, recovering alcoholics a rate of at least 90%, and ex-offenders a rate of at least 86%; for each target group, a minimum of 75% of that attendance shall be spent at the worksites.

9. Contractor agrees that Exhibit II(e) attached hereto represents its total management staff and salaries for the supported work program. Any staff additions require the prior written approval of MDRC.

10. Contractor agrees that Exhibit II(f) attached hereto represents its total supervisory staff and salaries for the supported work program. Any staff additions require the prior written approval of MDRC.

11. Contractor agrees to use its best efforts to ensure that:

(a) the cost of maintaining an active supported work slot for 12 months shall not exceed \$10,625 in public funds.

(b) the cost per supported work participant, at an average length of stay of 7.3 months, shall not exceed \$6,464 in public funds;

(c) the MDRC grant shall not exceed 36% of total program expenses; and

(d) at least 59% of all public funds expended shall go toward supported worker wages, fringe benefits and bonuses.

12. Contractor agrees to notify MDRC of its intention to sell any real and/or personal property intended for supported work program use, to receive MDRC permission for such sale, and to inform MDRC of the proceeds received from such sales. MDRC reserves the right to direct the allocation of the proceeds from the sale, or to reduce the MDRC payment for the Contractor's services by an amount equal to the proceeds.

13. Contractor agrees to submit, within 30 days of the end of each contract quarter with the sole exception of the final quarter, a report on actual performance vis-a-vis each of the standards detailed above in Paragraphs 1, 2, 5(a) and (b), 7(a), 8 and 11(a), (c) and (d) for the previous quarter. Further, for each performance standard that is not substantially met or exceeded, Contractor must submit a plan of corrective measures to be taken in order to achieve the standard(s) by the end of the next quarter. MDRC reserves the right to initiate corrective action if Contractor does not propose corrective measures likely, in MDRC's judgment, to bring performance into conformance with the above standards.